



75th Anniversary  
of the International  
Labour Organization  
1919-1994

REPORT OF THE DIRECTOR-GENERAL

81st Session 1994

International Labour Conference

# DEFENDING VALUES, PROMOTING CHANGE

Social justice in a global economy:  
An ILO agenda

International Labour Office Geneva

International Labour Conference  
81st Session 1994

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promoting change**

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An ILO agenda

Report of the Director-General (Part I)

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## INTRODUCTION

An anniversary is a cause for celebration. And when it is such a memorable occasion as the 75th anniversary of one of the oldest international organizations, one can expect the past to be evoked in glowing terms. However, to mark the 75th anniversary of the International Labour Organization our Governing Body has decided to turn deliberately to the future and to ponder the responsibilities to be assumed tomorrow. Why so? Is the ILO going through a crisis? No, definitely not. Never have so many countries placed their trust in it by becoming Members and paying their contributions despite a gloomy economic situation. And even if we have to accept the idea of an austerity programme and zero growth, our finances are sound. In the last Budget that was approved, a quarter of the expenditure was allocated to new tasks — a clear sign of the adaptability of the Office and its officials.

Yet the word "crisis" is not so incongruous considering that it comes from the Greek "krinó" which means to judge or to decide. And there is the Chinese ideogram for "crisis", which is made up of two signs: the first represents "danger" and the second "opportunity", and hence choice.

For it is indeed necessary, on this special occasion, to judge our activities, so to speak, and from there see what decisions and action need to be taken. For the ILO does not just represent a field of competence or a social goal. It stands above all for an ideal: that of promoting social justice in the world. Although our

countless achievements and successes over the past 75 years well deserve to be remembered, that is no reason for us to indulge in complacency or smugness. The best tribute we can pay to the past is to make sure that the years that lie ahead will be just as fruitful. The future is particularly important for us because it invites us, as it did our founders, to secure the progress of social justice in the world of today and of tomorrow. Not to heed this call would spell "danger". The changing world presents us with an "opportunity" to be grasped, a chance to be seized. Once again, a historic challenge awaits us.

This is not the first time our Organization has conducted an in-depth review of its goals and principles. It has done so whenever major changes have caused an upheaval in the world it seeks to serve.

It happened in 1944. The title of the Report that year, *Future policy, programme and status of the ILO*, clearly reflects the need confronting the Members at that time to take stock of the situation at the end of the Second World War. The Declaration of Philadelphia which was adopted at the end of that Conference session is still a fundamental constitutional text of the ILO.

The Report entitled *Programme and structure of the ILO*, which was submitted to the Conference in 1963, is perhaps less well known but likewise demonstrates the ILO's concern to adapt to a changing world. The Director-General considered at the time that "the ILO is at one of the critical points of its history, at one of those points where it may be possible to swing outwards from accustomed courses into a new and larger orbit of action". This was not mere rhetoric.

The Report went on: "At the time when these readjustments in ILO structure and activities were made, two developments of great significance to world affairs had been perceived: the consolidation, in the Soviet Union, of a centrally planned economic system under Communist Party direction; and the beginnings of the 'anti-

colonial revolution' which was to bring political independence to as many new States as there were then Members of the United Nations or the ILO." Was there still a role for the ILO in a world marked by the Cold War and the problems caused by the "division between North and South"?

Our Organization has lived with this dual tension until recent years. What is more, it is this very tension which explains why our policies and programmes developed the way they have.

This brief reminder of the background to the 1963 Report should make us realize that the time has come to make a new overall assessment of the ILO's aims and means of action. The urgency of doing so has been imposed by the tremendous geopolitical upheavals that have occurred so fast in recent years. Moreover, the nature and scale of these changes have rocked, if not the very foundations of our Organization, then at least its most tried and tested methods of work. Such transformations warrant close consideration.

The first chapter of my Report consists of a very rapid review of those changes, and I shall not attempt here to do the work of either historians or futurologists. I shall go on to consider their implications for the ILO. Looking at the whole range of tasks facing our Organization, I shall then outline the adjustments which I see as necessary if we are to fulfil our role with renewed efficiency.

The International Labour Organization came into being at a time when communism was being set up in Russia. This means that part at least of the Organization's history can only be understood by reference to the influence of that ideology in the world. It goes without saying that the recent disappearance of the communist bloc has sweeping implications for the life of our Organization, just as it has for all the agencies in the United Nations system, and indeed for the future of the whole world.

In addition, we are now witnessing a drastic acceleration in the globalization of the economy. This process, which is a source of hope for some and of distress for others, a positive development for some and a dangerous drift for others, is calling a number of concepts and fixed ideas into question. Let us not delude ourselves into thinking that our Organization can avoid making a thorough analysis of such a transformation.

There is also another development, one which has been going on for longer and to which the Conference needs to devote its attention. The world of work itself has undergone a complete upheaval. If one considers all the far-reaching technological innovations that have taken place, the new management practices that have been introduced in enterprises and all that the various States and our Organization themselves have done, the world of work bears little resemblance to that which existed when the ILO was set up, or even when the last in-depth survey of the ILO's programme and structure was carried out. At the same time new social and labour problems have been arising and deep-seated inequalities, both between States and between people, have been widening. Admittedly, not all countries have experienced the same changes. But the very diversity of contrasting situations raises specific issues that must make us consider whether or not our Organization really has the capability to deal adequately with them.

What are the lessons to be drawn from these changes for the ILO and, first of all, for its *raison d'être*? Does the ILO — which was set up to contribute to world peace by promoting social justice — still fulfil its mission? If so, what should its objectives be? Is its tripartite approach still adapted to the political, economic and social reality of today?

Three chapters are devoted to evaluating the ILO's tasks and assessing what adjustments need to be made.

Traditionally, the ILO's main tasks have concerned its standard-setting work and its cooperation with member States and with employers' and workers' organizations. Do these activities still have their place in today's world? Should they be rethought, improved, reoriented? Finally, I shall consider a provision in the Declaration of Philadelphia which would seem to deserve greater attention and to be further developed. The Declaration states that "it is a responsibility of the International Labour Organization to examine and consider all international economic and financial policies and measures in the light of this fundamental objective [social justice]" and in that light to "include in its decisions and recommendations any provisions which it considers appropriate". Has not the time come for this provision to be fully implemented?

The task that I am proposing to our constituents is a difficult one.

As in 1963, "to pose such questions as these is to court a risk: that views will be so varied and divided that no clear pattern, no consensus, emerges".

To avoid this risk, I have taken certain precautions. Thus, I have thought it would be useful to submit a series of precise and specific proposals which, after a broad discussion, could perhaps be approved by the Conference or — and this might be more convenient — be examined by the Governing Body at a later stage. Since the proposals put forward do not imply any cumbersome reforms, and especially no amendment of the Constitution, it will be possible for the Conference or the Governing Body to take quick decisions that can then be acted upon.

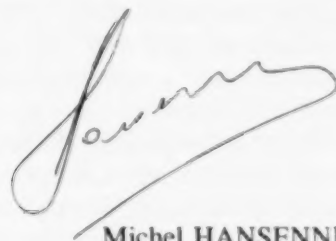
A final point to conclude this short introduction. When matters of such broad significance are being considered, the atmosphere that prevails is important for the course and outcome of the debate. In 1944 the euphoria that marked the imminent end of the Second World War aroused the hopes and enthusiasm that were needed to rebuild peace.

The 1963 Report inevitably reflected the anxieties of the time and the difficulties faced by our Organization in finding its own path in a world of growing tension and discord.

Today, it may seem strange that we are not being carried away on a wave of enthusiasm as new hopes arise out of the disappearance of past divisions. Such, however, is the mood of the time: a time of realism, a time of carefully thought-out action that must be wary both of naïve hopes and of a cynical apathy. It is a time for our Organization, motivated today as in the past by the ideal of social justice, to show, with the help of its tripartite membership, that this ideal means something only if it leaves its stamp on reality.

The 75th anniversary of the Organization will be an opportunity for the international community to reaffirm:

- its belief in social justice as one of its fundamental values, and its determination to further this cause;
- its confidence in active tripartism as a motivating force;
- its determination to adapt the Organization and its secretariat to the tasks that lie ahead.



1 December 1993

Michel HANSENNE

The last comprehensive review of our Organization's structures and programmes took place in 1964, at a time when the world was divided along East-West and North-South lines. The least we can say is that the political compass we once used to make sense of the world has lost its bearings. Today, East and West are no longer foes, and South no longer the antithesis of North. How are we then to understand the world we are called upon to serve?

### THE DISAPPEARANCE OF THE COMMUNIST BLOC

At just the time the ILO was being born, the first communist society was being established in Russia. From the outset, therefore, much of the ILO's history has to be seen in the light of the more general history of the communist bloc, and of its relations with the rest of the world. This common history, we should recall, has been mostly adversarial, for while both the ILO and communism sought to fight against the injustices engendered by the Industrial Revolution and by the capitalist system, their means of action and frames of reference were divergent, if not altogether at odds.

The fall of the Berlin Wall — which is bound to endure as the most vivid symbol of the demise of the communist bloc — on 9 November 1989 was a decisive turning point in the life of our

Organization. A brief description of three major consequences of that event should suffice to dispel any lingering doubts.

### The end of a bipolar world

The collapse of the communist bloc marked the end of the East-West confrontation and unravelled the network of international relations which had prevailed since 1945. Although it is impossible to imagine all the consequences of the new state of world affairs, some implications are evident to persons involved with the objectives and activities of the International Labour Organization.

Delegates who have been attending the International Labour Conference for many years have expressed a sense of amazement at the new atmosphere in which it takes place. For over 40 years a variety of pressures and the political preoccupations of the day compelled the Conference to engage in often acrimonious debate over issues that lay well beyond the ILO's mandate. Today, all delegates tend to confine their remarks to issues concerning the world of work, in an effort to find the best solutions to the problems at hand.

The contrast is even more striking as regards the supervision of the application of standards. For many years the communist bloc contested the Organization's right to examine practices in their countries in the light of universal standards. To their way of thinking, the "socialist reality" was entirely different from the "capitalist reality", and the methods used to analyse the latter were completely unsuited to the former. Today this disagreement has largely evaporated.

Even the Office's day-to-day work was affected by this permanent confrontation. It has never been easy for the ILO to encompass all the nations of the world while at the same time espousing universal values. This challenging contradiction has

certainly taught the Office the virtues of moderation in its pronouncements and prudence in its action. But too much of the former can leave it with nothing to say, and too much of the latter can lead it to avoid the most burning issues.

There is little question that the relaxation of East-West tensions bodes well for the ILO. It will help it to overcome its caution and conditioned reflexes which no longer serve a useful purpose. It will make room for the healthy confrontations between employers and workers which had heretofore been somewhat repressed, and even deliberately toned down. In this context, the ILO must seize the initiative in a number of difficult fields which have too long lain fallow, or risk losing its relevance, and the values it has always defended. What a sad paradox that would be, to fall by the wayside just when the universality of ILO standards is no longer contested. That is not to say that there will be no more challenges to the universality of standards: already we can foresee similar objections from those who invoke cultural, historical or religious factors in support of their claims of irreconcilable differences.

The end of the cold war has also profoundly changed other aspects of the international order. There is no denying that the provision of assistance to the developing countries by the major powers was strongly influenced by ideological and geopolitical considerations; or, for that matter, that many Third World leaders skilfully played on this rivalry between the superpowers to their own advantage. Today, for better or for worse, other considerations have come into play. True, regimes which are not really committed to the genuine and equitable development of their countries are having a much harder time securing the assistance they had so easily managed to obtain in the past, but in the absence of East-West competition, international aid for development in general continues to shrink.

Lastly, we cannot overlook the potential of the new world order to generate regional conflicts, and even full-blown civil

wars. This raises the question of what specific role the ILO might play in the framework of preventive diplomacy, as discussed in the Agenda for Peace proposed by the United Nations Secretary-General.

### The triumph of the market economy

In the eyes of most observers, it was the economic failure of the system, rather than its moral bankruptcy, that led to the collapse of communism in Eastern Europe.

The adoption of a market economy enjoyed widespread public support because it inspired hope for a better future, and because it did not require the intervention of a discredited state apparatus. It would be impossible to isolate this aspect of the fall of communism from other trends which began to emerge in industrialized societies some years before. Whether liberal-conservative or social-democratic, whether characterized by a strong or weak state sector, industrial societies have been questioning their own values and policies. Everywhere, or nearly so, the commitment to private enterprise is being reaffirmed. Heads of enterprises vie with politicians, athletes and entertainers in attracting the attention of the media. The State is withdrawing from the economic sector, and privatization is taking place around the globe. At the same time, the State has begun to lose its grip on the market, in response to pressures for deregulation. Everywhere, the Welfare State is being called into question.

A similar process is taking place in many countries of the Third World. They have come to the conclusion that a planned economy no longer offers all the answers. Moreover, the structural adjustment policies that have been implemented to resolve the world financial crisis have the same effect of promoting private enterprise and lessening the State's intervention in the economy.

Within a matter of just a few years, and for the first time in the ILO's history, the market economy has become the universally accepted standard. It is in this framework that our Organization must pursue the cause of social justice. And within this new model, the delicate balance between the State and the market has tipped most definitely in favour of the latter.

### A chance for democracy

The disappearance of the communist bloc in Eastern Europe has both spurred and highlighted a worldwide trend towards democracy. This movement, born in the 1970s in Southern Europe, has scored major successes in South America, swept out the former regimes of Eastern Europe and is now spreading to Asia and Africa. This strong and massive vote for democracy will, we hope, become yet another hallmark of the ILO's activities in the years to come.

We can only welcome this development, given the obvious convergence between the basic principles of democratic societies and the values espoused by the ILO. That is why our Organization must play a decisive role in this area as long as the new democracies remain fragile and need urgently to be strengthened.

Our mission is to help them to grow into States genuinely governed by the rule of law and able to guarantee basic human rights, and the rights of workers in particular. Our task in many countries — and particularly in the countries in transition to a market economy — is to facilitate the growth of free and independent employers' and workers' organizations, and prepare them to play an effective role in economic and social development.

As evidenced by the growing number of requests for technical cooperation, which have expanded the Office's scope of action, our constituents clearly understand the role we are in a position to play. It is nevertheless a major challenge to respond to these

requests and to provide the needed services, given the variety of cultures and the different stages of development of the countries concerned.

## THE GLOBALIZATION OF THE ECONOMY

The globalization of the economy has speeded up immensely in the past few years. It will have a long-lasting effect on the progress and well-being of all ILO member States, and will therefore play a major role in shaping our Organization's activities.

Expansion of world trade in goods and services; international capital movements, including foreign investment; the interconnection of financial markets; the growing share of multinational enterprises in total economic activity — these are but a few graphic illustrations of what globalization means. Some figures will help to show just what proportions this phenomenon has assumed.

In all the regions of the world exports are growing more rapidly than GDP, in which they account for an ever-growing share. But this trend is uneven: predictably, it is less pronounced in sub-Saharan Africa, and most evident in Asia, particularly East Asia.

The gradual liberalization of national economies is reflected also in the rapid growth of direct foreign investment, which has tripled in value over the past decade. But, here again, the statistics show flagrant inequalities between different countries and regions.

We are also witnessing a growing integration of financial markets and a massive flow of capital between countries. This is the consequence of a general deregulation of capital markets, coupled with an easing of restrictions on capital movements and

the advances made in electronic data processing and telecommunications.

These developments have a number of worrisome implications. For example, many highly indebted developing countries in sub-Saharan Africa and Latin America are not considered credit-worthy and can therefore not borrow in this market. Until they resolve their debt problem by pushing through the necessary economic reforms, they will not be in a position to reap the benefits of international financial integration. In the meantime, they must cope with capital flight, which the integration of financial markets has exacerbated.

Lastly, a recent study conducted by UNCTAD confirmed that the impact on the world economy of the 37,000 (non-financial) multinational enterprises doing business in the early 1990s continues to increase. (There were only 7,000 such firms 20 years ago.) The sales of multinational enterprises outside their home countries in 1992 amounted to US\$5,500 billion — considerably more than the world's total exports of goods and services, which came to US\$4,000 billion (and trade between the subsidiaries of multinationals accounted for one-third of this figure). As a whole, the multinationals control approximately one-third of the private sector's productive assets worldwide.

We may assume that this trend will continue. A detailed analysis of the various factors that are driving the process of globalization lies beyond the scope of this Report. But there is no reason to believe that the technical innovations, especially in the fields of electronics and telecommunications, which have made this globalization possible will not continue. And we may also assume that these innovations will continue to exert a downward pressure on transport costs of all kinds. Likewise, it is hardly conceivable that the multinational enterprises will abandon their strategy to win a greater market share and achieve a dominant position.

Lastly, we should mention the conviction of most international policy-makers that the liberalization of trade, the new forms of the international division of labour and greater competition will stimulate economic growth worldwide.

Current negotiations within GATT, in the framework of the Uruguay Round, are based precisely on that conviction. Many studies have examined the likely effects of an eventual agreement. Although they differ in their specific estimates, they all concur that the agreement would have a highly beneficial impact on the world economy.

It is the same conviction which underlies the structural adjustment programmes that have been implemented in many countries around the world in response to the debt crisis, under the aegis of the international financial institutions. These programmes aim at restoring the competitiveness of enterprises and achieving a better penetration of international markets. The same conviction also guides the current transformation of the socialist economies, and explains why theories based on inward-looking development models, such as those of Latin America, have been substantially revised.

A related phenomenon is the gradual creation of large regional blocs which aim, at the very least, to lower trade barriers and establish vast free-trade zones.

The best known and most fully developed of these bodies is the European Community, which is advancing, through a great single market, through a fuller European Union resulting from the Maastricht Treaty, and through greater cooperation with other countries towards the creation of a European economic area. In the Americas, the North American Free Trade Agreement (NAFTA), involving Canada, Mexico and the United States, may get off the ground before MERCOSUR. Consultations are also being held in Asia, particularly among the ASEAN countries. And there are

ever-growing calls for African countries to set up one or more blocs of this kind.

Only time will tell, but it would seem reasonable to assume that these blocs will enable a greater number of countries to participate in the new world economy; in other words, they are not likely to become so many isolated fortresses. Still, intra-zone trade will probably grow faster than inter-zone trade.

### The decline of the Nation-State

Our Organization's philosophy of action depends, as we all know, on active tripartism within each member State. The ILO believes that collective bargaining between workers and employers leads to creative and effective solutions. Our philosophy also assumes that the State plays a regulatory role in economic and social affairs.

These basic assumptions have been sorely tested by the globalization of the economy. The classic instruments of national policy, which are alternately used to stimulate growth and to cool down overheated economies, have become largely ineffective. Financial deregulation has left States dependent upon the world financial markets, whose ebbs and flows do not necessarily guarantee growth or social equity. Lastly, the multinationalization of enterprises removes decision-making power further and further away from the workplace.

In their discussions with the State and with employers, workers often have the impression of dealing with agents who are neither very credible nor motivated to enter into firm commitments because they are so dependent on an international economic environment over which they have less and less control. Machinery for dialogue and consultation bogs down, its usefulness is questioned, and even the credibility of the trade unions is affected.

Some political leaders are concluding that the concept of the State as a community with a single destiny has seen its day. But can we expect ordinary citizens to relinquish that identity, and to see themselves merely as worker-consumers, bent on enhancing their own interests in the new international market? It does not take very much imagination to foresee the frightened and violent reactions that any such development would provoke.

#### Towards regulation at the international level

The globalization of the economy has compelled the international community to stop and think. Is it really possible to set up regulatory machinery at the international level? What institutional form would such regulation take? Should it be based on existing institutions such as the World Bank, the IMF, the GATT? If so, on which institutions and in what fields of activity? What kind of cooperation would it be possible to establish among the institutions concerned? And, most importantly, how would the necessary political consensus be reached? There is no doubt that many international leaders are wrestling with questions such as these.

The ILO cannot afford to remain on the sidelines of this debate, as it clearly has a regulatory vocation. It would be difficult at the international level to find anything to rival the International Labour Code that the ILO has developed over its 75-year lifespan. But the question is whether this Code, which sovereign States have to ratify and apply, is well suited to present-day realities.

For example, the ILO has always held its standards to be universal, while at the same time accepting the inclusion of flexibility clauses that make allowances for different levels of development. Essentially, then, the ILO's practice has been to set benchmarks that each State is expected to adopt as and when its level of development allows. We must, however, ask if this

arrangement is still valid, given the growing trend towards the relocation of productive capacity.

And what stance should we adopt on the question of a "social clause" linking international labour standards and trade practices? Although this issue is as old as the ILO itself, it has nevertheless acquired a special significance today, in the context of a new economic environment.

Other measures should also be envisaged to curb the growing impoverishment of certain parts of the world and of certain social groups. The least we can say is that such social concerns have so far found no place in international initiatives. The ILO has, of course, repeatedly expressed its preoccupation with these problems, especially with respect to structural adjustment programmes, but has its voice really been heard? Perhaps new initiatives should be taken to ensure that the ILO is recognized as an essential agent in the new international economic regulatory framework.

## PROLIFERATION OF SOCIAL PROBLEMS

For over 40 years the ILO has worked shoulder to shoulder with other organizations in the United Nations system in the worldwide effort to promote development. Several of the characteristic features of the ILO's structure and programmes of action can be traced back to this cooperative effort. Thus, in addition to its standard-setting function, the bulk of the ILO's work has focused, in one way or another, on the transfer of know-how and practices from the industrialized countries to the developing countries. Special attention to the needs of the poorest and most vulnerable groups has been a guiding principle of its action. This practice, which has been refined over the years, is an essential component of our Organization's heritage and culture. But it is

precisely this heritage and this culture that are now being questioned.

The collapse of communism and the globalization of the economy have, along with other factors, contributed to a proliferation of social and labour issues. The problems at hand no longer concern only a limited number of countries, or specific groups or categories of the population. Social and labour problems, some never encountered before, are surfacing all over the world. Dealing with these problems requires highly qualified ILO specialists in a wide variety of fields, some of which are often overlooked by the traditional donors of funds for technical cooperation. Consequently, our Organization is receiving a steadily growing number of requests for assistance in increasingly complex areas.

Rather than eliminating or attenuating differences and inequalities, the integration of national economies into a global system has on the contrary made those differences and inequalities more apparent and, in many ways, more unacceptable.

#### Old inequalities — new inequalities

In recent years the inequalities between States, and within States, have not only persisted but have very often widened. To make matters worse, new forms of poverty in the industrialized countries have created a whole new phenomenon of social marginalization.

The whole point of promoting the economic development of the poor countries in the first place was precisely to reduce the inequalities that were at the heart of the world economy. The hopes that were placed in it have been cruelly disappointed. "Between 1960 and 1989, the countries with the richest 20 per cent of the world population increased their share of global GNP from 70.2 per cent to 82.7 per cent. The countries with the

poorest 20 per cent of world population saw their share fall from 2.3 per cent to 1.4 per cent. The consequences for income inequalities have been dramatic. In 1950, the top 20 per cent received 30 times more than the bottom 20 per cent, but by 1989 they were receiving 60 times more."<sup>1</sup> This growing disparity in income levels shows no signs of abating, since the growth rates of most of the poorest countries have fallen considerably below those of the OECD countries. In addition, there is the risk that many poor countries, particularly those of sub-Saharan Africa, will increasingly be relegated to the fringes of the world economy.

But the picture is not everywhere quite so bleak. The newly industrialized countries of Asia have, over the past three decades, become veritable economic powerhouses. They were followed in the 1990s by China and, to a lesser extent, India. Given the immense population of these two countries, their steady economic growth bodes well for a considerable proportion of humanity. There are encouraging signs of faster growth in Latin America, too.

But there are also inequalities within individual States. In the developing world poverty spread in most countries of Africa and Latin America in the 1980s. They were seriously affected by the international debt crisis and experienced a significant decline in per capita income during this period. In many cases the spread of poverty was not simply the result of generally lower incomes; it was also due to greater inequality. But even in countries where there has been a significant drop in poverty levels, as in Asia, for example, there has been no concomitant improvement in the distribution of income.

Most of the economies in transition in Central and Eastern Europe are in a desperate situation: the disparity of incomes is

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<sup>1</sup> UNDP: *Human development report 1992*, p. 34.

rapidly increasing, and there is no countervailing economic growth. Production has dropped dramatically, unemployment is out of control and the level of poverty is unprecedented. In 1992, for example, the income of almost 73 per cent of Bulgarian households fell below the minimum social threshold. In Poland poverty doubled during the course of a single year, from 16 per cent in 1989 to 33 per cent in 1990. Even if this is merely a transitional phenomenon and the situation in these countries soon improves, a large proportion of their population will nevertheless continue to live in poverty.

The industrialized countries are certainly not immune to the spread of inequality and poverty. A fairly reliable indicator is the rise in unemployment in most OECD countries. The current recession in OECD countries has driven unemployment to record levels: in 1993 the number of unemployed workers stood at 35 million. These unfortunate trends in unemployment have been accompanied by greater income disparities in most OECD countries. "While the 1970s generally saw decreasing or stable inequality [of earnings], the 1980s were marked by increases in 12 of the 17 countries for which information was available."<sup>2</sup> Many observers fear a growing polarization between highly skilled and low-skilled workers unless governments adopt compensatory policies in the field of human resources development.

Lastly, new forms of poverty have gained a foothold in several industrialized countries. The phenomenon known in Europe as "social exclusion", and as the "growth of an underclass" in the United States, refers to the emergence of poor segments of the population who are afflicted by multiple, persistent and cumulative disadvantages, and who are consequently trapped in poverty.

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<sup>2</sup> OECD: *Employment Outlook*, July 1993, p. 157.

And we must not forget the tens of millions of displaced persons throughout the world: migrant workers (sometimes legal but more often not), political refugees, and families who have left their homelands owing to civil strife or war.

### A widening gap

For many years economists and sociologists had a firm grasp of the way Western societies were evolving under the influence of technological progress. These societies — referred to as industrial societies following their transition from essentially agricultural economies — were developing into a world dominated by the services sector. What most experts failed to anticipate, however, was that the service-based economy would not just take over from declining agricultural and industrial sectors but would in fact revolutionize the entire economic and social systems of these societies.

There is virtually no end to the list of technological innovations that have been behind this revolution: telecommunications, microelectronics, biology, genetic engineering are among the most spectacular. It would be equally difficult to list all the socio-economic innovations which have so fundamentally changed the methods of production and management. These two sets of changes have profoundly affected the world of labour upside down.

Technological change, which is so vital to development and to the well-being of humankind, is by definition disruptive. It alters, displaces and even eliminates jobs. It devalues traditional know-how and creates a need for new skills. It challenges existing organizational structures, and leaves no one unaffected by its consequences.

Because of the globalization of the economy, these changes simultaneously affect all the countries of the world. On the one

hand, the comparative advantages of the developing countries could prove decisive factors in the international arena if they could manage to combine lower wages with improved know-how. But not all countries can hope to do this, and I have already pointed out that some of them are now effectively marginalized. As for the others, their comparative advantages may ultimately prove precarious, and unable to withstand new labour-saving technological or organizational innovations which minimize the importance of wage differentials. At the same time, the developing world stands to lose billions of dollars in export earnings if biotechnology succeeds in developing products that can take the place of its traditional cash crops.

The proliferation of service jobs, even in the industrial sector, is changing the very nature of work. Statutory and wage hierarchies are being called into question. The uncertainties arising both from technological change and from market constraints are eroding the prospects for job stability. The precariousness of both employment and status is changing the nature of employee involvement within the enterprise. The feeling of belonging to a social group which shares a common destiny is weakening, and so too, therefore, is the urge to join trade union organizations that are there to defend them. Labour has become one of the many problems which modern society must tackle. And people now rely far more on themselves than on others to improve their situation or even just to hold their own.

Is the service sector capable of creating enough quality jobs? Are there new sources of jobs to be tapped? Or must we instead envisage a radical change in the way we think about employment problems and work?

This is the challenge facing our Organization and its constituents. We would only delude ourselves if we refused to recognize that our world is changing. The world will continue to change, as it always has, and no matter how unpleasant the problems and

disruptions, there is no going back. The challenge that faces us is how to cope with this change, and how to guarantee fair treatment and protection for those who are most vulnerable.

The ILO's *raison d'être* is clearly set out in the Preamble to its Constitution and can be summed up in few words: to contribute to universal and lasting peace through the promotion and development of social justice. No doubt moved by a spirit of pragmatism, our constituents did not feel any call to propose a more abstract definition of its role. On two occasions though, in the 1919 Constitution and in the 1944 Declaration of Philadelphia, a widely shared view of social justice did move them to detail the fundamental tasks to be carried out and the programme of action to be implemented in order to bring it into being.

From a quick glance at that programme one might gain the impression that, to all intents and purposes, the object has now been achieved. Have we not, over the years, drawn up a set of standards that covers the entire field of labour? Are our future activities not likely to be, at best, of only marginal usefulness? Is there therefore really any reason to hark back to the founding texts of the ILO? In a world that has changed so much, should we not be bringing the Organization's objectives up to date and formulating a new programme of action? Should we not be thinking of drafting a new Declaration of Philadelphia?

I for one do not believe this to be the case, and it is not the line that I have taken in writing this Report.

Paradoxically, though, many of the changes are too recent for us to tell whether they are here to stay, and all too often they have

been so rapid, and sometimes so brutal, that any clear consensus of what a new medium and long-term programme of action might be is impossible. The scale and urgency of the problems that assail us today are also likely to be poor counsellors. For there would be little point in issuing a solemn declaration to launch a vast programme of action that might prove to be too short-sighted and very quickly upset by a succession of new and unforeseen developments.

In these difficult times our attention should therefore turn not so much to the work to be done, but to the values that we have to defend. What we need first and foremost is a new consensus around a set of common values; only then, in due course and through the appropriate channels, can we pinpoint our objectives and decide on our programme of action. We also have to define the most suitable strategy in this changing world. One quality that every organization needs nowadays is the capacity to adapt rapidly to a changing environment and respond quickly to new problems. And that is where we see that tripartism, far from being outdated, is one of the best instruments for change.

## THE VALUES OF TODAY

This reflection on the Organization's *raison d'être* calls for a certain amount of modesty. Social justice can be undermined in any number of ways, and the means of restoring it are as diverse as the situations in which the problems arise.

This is the first pitfall that we must be wary of: trying to do too much, setting ourselves a course of action out of all proportion with the resources and skills at our disposal. This is no imaginary danger, especially when what is behind it is simply the quite understandable desire to satisfy as many people as possible or to

increase our performance figures without worrying too much about the quality of the services rendered.

Because that risk exists, it is as well we remind ourselves that the sphere of competence assigned to our Organization is the field of labour. And it is sufficiently vast, complex, varied and topical for us not to need to cultivate any other. In fact, in the 75 years of its existence our Organization has learned to distinguish the three principal sources of social injustice in the world of work and, hence, to define the direction and the limitations of its activities.

Through its tireless efforts to promote better working conditions the ILO combats all forms of exploitation of working people. Though the most inhuman forms of exploitation may be less prevalent, they are still deeply rooted. The vast campaign against child labour that has been launched during the past biennium is a sad proof of this fact. The huge migratory movements all over the world — whether legal or illegal — gives rise to clandestine work and new forms of exploitation.

Less dramatic problems keep arising as a result of technological innovations; they are so entirely new that the improvement of working conditions is a constant preoccupation for the ILO. Besides, the protection of the life and health of workers is very much bound up with the burning issue of the protection of the environment. In the same way, wages and social security in a world that is in the process of rapid integration are part and parcel of the debate on free trade and unfair trade practices.

The dignity of working people is another aspect of social justice, and it is sad to say that not a single meeting of the Governing Body goes by without its having to examine violations of freedom of association that are often quite dramatic. "Labour is not a commodity", proclaims the Declaration of Philadelphia. But the struggle for freedom of association and freedom of expression and against discrimination and alienation of every kind

is far from over. Even in the most industrially advanced societies the right of workers to information and to collective bargaining are time and again rendered meaningless by sudden unilateral decisions to relocate production.

The task that lies ahead in this area is enormous. What we have to do is to foster the creation of genuine employers' and workers' organizations in the numerous States that have opted for a market economy and democracy, and help them, as well as the administrations whose responsibility it is to work with them, to acquire the techniques of consultation and negotiation on labour issues, so as to guarantee that these States operate in a genuinely democratic manner.

A broader issue, and at the same time one which is more difficult to resolve and more demanding in terms of innovative thinking, is how social dialogue can find its place in a world in which we are no longer dealing with nation States but with new configurations that encompass much vaster regions, if not the whole world.

Finally, it is truer today than ever before that the existence of a body of labour legislation is not enough unless every person has the opportunity to find employment. Poverty and unemployment are endemic to our planet and no one country can claim to be immune to the disease, just as no single country can ever hope to resolve the problem on its own. A great deal has already been done in this area since the World Employment Programme was first launched. But, both in the International Labour Office and among the Organization's constituents, one senses very clearly that the time has come to take the initiative once again.

## A RELEVANT ORGANIZATION

Although the values and ideals of our Organization are still valid and their dissemination and promotion more important than ever, the fact remains that the changes that have taken place on the international scene pose some enormous challenges. These challenges may not be altogether new, but the context is different and the gravity of the situation unprecedented. It would be a mistake to belittle or underestimate them simply because we have come across them before.

They can be summarized quite simply.

Can the ILO really claim to be a universal organization? Is it capable of adapting quickly enough to change and of keeping up with a rapidly evolving world? Is it able, in its own particular sphere of competence, to send out the kind of unequivocal and coherent message that is liable to be properly heeded? Just how we answer these three questions will tell us how relevant our Organization can be in today's world.

The ILO now has 169 member States and covers some 98 per cent of the population of the world. From that standpoint at least, it has never been as universal as it is today. At the same time, the Organization has always proclaimed loud and clear that the values it defends are themselves universal. It has always refused to accept the idea that some standards might be "more equal than others" — in other words, that there can be second-class standards for second-class citizens. It is a position that cannot be overemphasized in this increasingly integrated and interdependent world where the rules have to be accepted and respected by everyone. One of our major responsibilities, therefore, is to ensure that, once adopted, standards are widely ratified by States which solemnly pledge to apply them. We would be falling far short of our claim to universality if we were to insist on the universality of

standards as a matter of principle without taking the same trouble to make sure that they were universally implemented.

One of the new and enduring characteristics of our world is the enormous scope for innovation in economic and social affairs. We can no longer speak of "one" developed world and "one" developing world. It is frequently stated that the world is "multi-polar", and because our Organization is universal we have to take into account the multiple sources of inspiration. Our role is not to promote the universal application of a single model but rather, taking the diversity of situations as our starting-point, to discern what can logically and reasonably claim to be universal.

Universality is also very relevant to our various programmes of action. It would be dangerous indeed if the ILO were to appear to be serving the interests of certain countries or certain segments of society and ignoring the legitimate concerns of the others. This has a number of implications that we cannot afford to overlook as regards the choice of subjects for research and analysis and the means of action to be mobilized in order to serve our constituents.

The second major challenge is that of the constant adaptation of our Organization and its secretariat to the never-ending and increasingly rapid changes in the world in which we live.

It is of course a challenge for virtually all our operational activities. More and more often, our constituents find themselves up against entirely new problems. If they turn to the ILO it is in the hope of finding useful advice or, at the very least, a forum where they can share their experiences and their preoccupations. They also expect any advice that might be forthcoming to reach them while it can still be useful, which means that the Office has to work at their decision-making pace rather than in the timeless style of a bureaucracy.

It is also a challenge for the Organization's standard-setting activities. This does not mean that we have to lay down rules left and right so as to keep up with the latest turn of events; nor does

it mean suspending all standard setting on the grounds that the situation is too unsettled. International legislation cannot be at the mercy of every twist and turn of the economy. On the contrary, if it is to serve any purpose it must be relevant in the long term. Yet some of our existing Conventions would not pass this test.

Our relevance must also be measured against our ability to influence the mechanisms behind the world economy at an early enough stage to be effective.

And then of course we have to be consistent. It would be both pointless and dangerous to deny that the values defended by our Organization can in practice prove to be contradictory. The ideal of full employment and the best possible employment is very hard to achieve in the absence of technological progress and economic growth, and it is no easier when, on the contrary, technological progress makes it necessary to reassess established positions and deep-rooted convictions. Yet this is the kind of conflicting situation in which we find ourselves today.

Consequently, all too many people nowadays are inclined to see international labour Conventions as a luxury that only rich societies in their splendid isolation can afford. They believe that these sets of rules are actually obstacles to development and to the structural adjustment that the globalization of trade requires. Hardly a single country is not currently confronted with the daunting task of trying to strike a balance between growth and social protection. How should we in the ILO adapt to this state of affairs?

In the first place it must be borne in mind that the value of our Organization and the esteem in which it is held, its uniqueness and the relevance of its advice, are founded more than anything on its determination that creating the opportunity for every person to find employment cannot be dissociated from the basic tenets of labour legislation. In fact, member States might well ponder the desirability of renaming our Organization the "International Organization

for Employment and Labour", which would reflect our responsibilities more accurately and give our activities a higher profile in the public eye. Combining the concepts of employment and labour would also have the advantage of obliging us to find acceptable compromises whenever the demands of the one and the other appear to be incompatible.

We must therefore have no compunction about casting a very critical eye on conventional wisdom and the most tried and tested methods. We must neither rely too much on the past nor pay too much heed to the advice and solutions of those who think that the problem of employment will resolve itself automatically so long as the market forces are allowed free rein, or else that it is merely a secondary issue. On the contrary, what the Office has to concentrate on is the search for original solutions that take into account the multiple facets of social justice. Only if we stick carefully to this task can we hope to be at once inventive, effective and respected.

The need for consistency must also underpin our standard-setting activities if we want to promote economic growth that fosters justice and equity. That is the only way in which we can generate the greatest possible synergy between labour standards and technical cooperation.

It is no easy task. If we are to succeed, we must look to the defence and enrichment of our common heritage and make sure that it is not misused. Unfortunately, there are a number of possible pitfalls. On the one hand, the ILO would seem to have lost a lot of its appeal to those who no longer feel their interests threatened by communism. On the other hand, there are those who are rediscovering all the virtues of an organization which they think might be able to protect them against some of the consequences of a headlong globalization of the economy. Meanwhile, to counter the latter kind of thinking, new ideologies of dubious origin are being touted that challenge the rationale or the univer-

salinity of the Organization's basic standards. It has to be hammered home that the goal we are pursuing is the dignity of working people. In pursuit of that goal, we shall continue to stand up against totalitarian regimes, against ideologies that deny citizens freedom, against inhuman working conditions.

This constant adaptation of our Organization so as to define new priorities and establish a new balance is going to have to rely more than ever on the tripartite machinery that has served us so well in the past.

## TRIPARTISM

With more daring and more sense of their times than the world has seen since then, the founders of the ILO decided that it should be a tripartite organization. They believed that the promotion of social justice in the field of labour could be achieved only if the social partners themselves were involved in the search for appropriate solutions. They also believed that dialogue and negotiation were the best means of bringing this about. For the first time, but also for the last, society at large was to be directly involved in the decision-making process of an international organization.

This principle has never really been challenged. True, after 1944 it was argued that the system of representation in the Organization should be modified in the light of changes in the economic and political structure of its member States, such as the growing importance of the public sector in industry and the split in the trade union movement. And for several years the ILO became the scene of major battles over who should be able to lay claim to being an employer or a workers' representative.

The decline of communism has brought this quarrel to an end, and it is unlikely that in the coming years, the legitimacy or

representativeness of the ILO's policy-making bodies will be challenged again. On the contrary, the Governing Body and the Conference now consider that one of the principal tasks of the Office is to foster the development of employers' and workers' organizations in countries that have opted for democracy and a market economy. The second main thrust should be the provision of training and practical experience in the techniques of social dialogue and negotiation.

But the sudden calm that has descended on our policy-making bodies does not mean that there is no longer anything to worry about. Our Organization is a product of the industrial society. As an expression of the will of the industrialized nations at a certain point in history, it brings together those protagonists who seemed best able to resolve the "social question" of the time. Does this still hold true today?

The growing internationalization of the economy highlights the societal and economic differences between the States that our Organization is supposed to serve. Criticism is often heard of the representativeness of employers and trade union organizations in countries that are just beginning to industrialize. The recent debate on the role of the ILO in the informal sector was very revealing in that respect.

Other observers draw attention to the complete transformation of some of the most advanced societies and suggest that they should no longer be described as "industrial" so much as "post-industrial" or "post-modern". Several studies have been made of the decline of the trade union movement and of the alarming consequences for consultation and negotiation of the multinationalization of enterprises which do not necessarily guarantee workers and employers the possibility of taking joint decisions or entering into joint commitments at the local level. In these same countries the development of the social economy, the

unemployment crisis and the emergence of new forms of poverty have brought new social actors onto the scene.

Of course, these problems are nothing new. Albert Thomas, for example, appealed to the Court of The Hague to have the ILO's competence vis-à-vis rural workers recognized. To carry out its development cooperation activities, the Office has formed a great many links with the social actors most involved at the local level. But no outside observer can fail to be struck by the fact that the meetings decided on by the Governing Body are always strictly tripartite in composition.

If the International Labour Organization wishes to continue being the social conscience of the world and of the United Nations system, it would be well advised to seek the active collaboration of the many and very different circles that are currently engaged in promoting social justice.

Over the years, the Organization has associated cooperatives and mutual welfare organizations in its work. It is a network that could well be extended, through the proper channels. For I believe it important that the representatives of civil society within the Organization's policy-making organs should consider how best to enlist the cooperation and encouragement of all those who are willing to pursue the same goals using a similar approach. It is only with this cooperation that we can really claim to be the social conscience of the United Nations.

Tripartism is indeed a precious institution, but it is only as valuable as it is effective. Tripartism has its own intrinsic virtues, of course, and a genuinely democratic society cannot function without numerous active intermediary groups. It also subsumes the principle of subsidiarity wherein the power of decision is left in the hands of the social actors closest to the problems and issues themselves. It is in fact quite striking that attempts to undermine democracy usually begin with measures aimed at depriving these

intermediary groups of their freedom of expression and action before actually abolishing them.

Tripartism also has a "burning commitment to succeed". This is already true at the level of each State, because no institutional machinery for negotiation and dialogue could survive indefinitely in the face of a persistent stalemate or a permanent conflict. It is also true for those whose responsibility it is to head the International Labour Organization. For nearly 50 years we functioned under a system of international relations that predetermined alliances within the Governing Body and the Conference. This system has now disappeared, and what we are left with is a revival of the underlying tension which presided over the creation of our Organization and which the Organization is responsible for managing at the international level: the tension that has always existed and will always exist between workers and employers whenever they are called upon to reconcile the conflicting demands of production and the distribution of wealth, of full employment and the best possible employment, of security and change.

This tension is not only inevitable but actually constructive so long as it can be resolved. Social dialogue, collective bargaining, compromise must all be encouraged, everywhere and at every opportunity; to my way of thinking this is one of the fundamental aspects of the work that lies ahead of us. On this point, the responsibility of the State cannot be overemphasized. Whether it leads the way or exercises a restraining influence, whether it acts as arbiter or conciliator, whether it is active or discreet, the State often plays a decisive role in the success of social dialogue and collective bargaining.

The State "pillar" of tripartism must be strong and effective. The governmental and administrative structures of member States must, if necessary, be reorganized so that they too can adapt to the changes that are taking place. Problems of labour conditions are inevitably part and parcel of the problems of employment or

vocational training. Consequently, the effectiveness of our Organization would unquestionably be enhanced by the presence in member States of a ministry concerned with employment and labour issues that would have full responsibility for the concerns of workers and jobseekers.

Finally, we shall have to intensify our efforts to ensure that tripartism is fully recognized at the international level. It is striking that all international institutions established since 1919 should have espoused the principle of the government being the sole representative of States. All too often issues that directly concern the ILO and, consequently the social partners, are discussed in other bodies without their participation.

The ILO's proper involvement in international policy-making must be one of our constant preoccupations, and it is the international community's duty to indicate clearly what role it intends to assign in future to the representatives of civil society, to the economic and social actors in a more and more integrated world. Should it fail to do so, it would be depriving itself of a formidable means of mobilizing the social actors themselves and thus of building a world in keeping with the ideals which the community of nations has set itself.

A decision has to be taken quickly, and it has to be the right decision.

I can hardly close a chapter devoted largely to the structures of the ILO without referring to a number of major problems connected with the policy-making machinery and management of our Organization. Of course, where we can agree on certain improvements, they should be implemented by the Governing Body; but I do feel that all our constituents should be aware of the problems that confront us. Our Organization is very much action-oriented, and if we fail in our best intentions simply because the appropriate mechanisms are not available the result is sure to be disappointment and disenchantment.

Our first step must be to extend our means of action as much as possible. It is precisely for this reason that I have devoted a whole chapter of the Report to the ILO's role in international policy-making. Only if we broaden our outlook can we hope to make a positive contribution to social justice. For social justice cannot be the product of international standards alone. More than anything it depends on the implementation of appropriate policies, whether at the state, regional or world level. The capacity to help its member States and the international community in general to imbue their policies with social justice must be the principal indicator of the relevance of our Organization and its secretariat.

We often say that the Organization and its secretariat, the International Labour Office, should do fewer things better. At the same time we are forever told that we should, one, "restrict ourselves to the fundamental mandate of the ILO" and, two, "establish priorities" — all of which is very difficult to put into practice when there are so many good reasons for maintaining this or that programme or project. Be that as it may, choices cannot be deferred, since the proliferation of social and labour issues is such a cruel reminder of how limited our possibilities are.

Obviously, nobody would argue with the fact that absolute priority must go to the poorest countries and to the most deprived segments of the population. But structural adjustment programmes are creating unprecedented social problems that must be tackled now. The economies in transition are looking to us for the means of implementing rapid and effective change. Even in the industrialized countries we have yet to study the far-reaching changes that are being introduced both in work patterns and in employment.

For the ILO, making choices will presumably mean restricting our permanent activities to what is essential. Beyond that, we will have to identify the strategic problems and be the driving force behind efforts to solve them. It will be up to the International Labour Office to establish the kind of structures and pursue the

kind of personnel policy that give it the necessary flexibility and freedom of action.

A way will also have to be found to reconcile the universality of values and the specificity of local conditions. The active partnership policy is designed to respond to this need but, in the years to come, it will have to be pursued very diligently if it is to realize all its potential. Even in the standard-setting field a distinction will have to be made between what is necessary and what is useful, what is inviolable and what is transitory, what should be a rule and what should serve as a reference model.

Finally, we must be able to take decisions at the right moment. There are two points here that warrant our attention.

During the last quarter of 1993 the Office prepared the preliminary consultation document on the budget for submission to the Governing Body in the first quarter of 1994, so that it can define the main thrust of the 1996-97 biennium. But does this really make sense? Are we honestly in a position to define here and now the essential tasks that we will need to carry out in four years' time?

Of course, I am not suggesting that we should stop looking at the medium term. On the contrary, a lot of forward-looking research is more important than ever, and the International Institute for Labour Studies has an essential role to play in this respect. True, there have been some improvements in budgeting, such as the introduction of a flexibility reserve. Far be it from me to suggest that the policy-making organs of the ILO do not have every right to decide and control how the resources available to it are used. But it would be useful if there were more flexibility in deciding exactly when expenditure should actually be authorized, and if it could be established just how much autonomy the Office and the Director-General are to be allowed — subject of course to a more thorough subsequent control of expenditures incurred and results achieved.

We should also give some thought to the manner in which the Conference agenda is decided upon and, consequently, to the way we intend the Organization to operate and the image we want to project to the outside world. All too often our Conference seems to be completely out of touch with the major concerns of the moment, thereby projecting the image of an austere organization engaged in academic pursuits divorced from the realities of everyday life.

I am not suggesting that the ILO's standard-setting activities should be conditioned by every latest development. We shall continue to be guided by the slow but sure progress that is dictated by the very nature of standard setting and the need to consult all our constituents. But does this have to be true of items which are not intended to lead to the setting of standards? For example, we might be well advised at least to dissociate the debate on our standard-setting activities from the general discussion on the fixing of the Conference agenda, in order to avoid certain doubtful and sometimes inevitable compromises that often detract from the quality of our legislative work.

It should come as no surprise that the assessment of the ILO's future role which follows should begin with a review of its standard-setting activities: our normative work is, after all, our original vocation and our strongest claim to fame. Our pride in our standards is fully justified, and yet many are now questioning their relevance and usefulness.

We have good reason to be especially satisfied with the body of international standards the ILO has developed during its 75 years of existence which is still without parallel at the world level. The number of Conventions stands at 174, while ratifications total around 6,000. The supervisory system has come a long way since the days of Albert Thomas; it now serves as a real point of reference for all the other international organizations, thanks in particular to the strengthening of the role of the Committee of Experts on the Application of Conventions and Recommendations. During the past 30 years the supervisory bodies have recorded close to 2,000 cases of progress, that is situations in which national legislation and policy have been brought into line with the requirements of ratified Conventions.

Nevertheless, the world changes, and new conditions create new challenges for our future standard-setting work. In the present changing international context in which deregulation is much in favour, it is incumbent on us to re-evaluate the relevance of our

legislative function, its effectiveness and its suitability in today's world.

Far from creating new opportunities for standard setting, the end of the Cold War has instead uncovered certain latent reservations or hostility vis-à-vis standards. Previously restrained so as not to weaken a system whose pluralist and reformist nature had always made it an objective ally against totalitarian regimes, these reservations, now combined with the trend towards deregulation, call into question future standard-setting activities.

Moreover, given the new and more aggressive forms of international competition, neither the developing countries nor the developed countries are inclined to reinforce — or even to maintain — a level of social protection that might discourage foreign investment or provoke the relocation of production. To put it another way, the emulation effect, which has had such a great influence on standard setting may — because of this influence — now be working towards a weakening of protection.

We should not overstate the importance of these challenges and criticisms, but it would be equally dangerous to ignore them. Provided we seize this unique opportunity to breathe new life into our standard-setting activities, however, the changing environment need not undermine them. To do this we could proceed along three lines:

- better adapt our standard setting to real and pressing needs;
- explore new opportunities for promoting basic social rights;
- create a new synergy between international labour standards and the growth of international trade.

## ADAPTING STANDARDS TO REAL NEEDS

I place as much credence in those who say that our standard-setting activities have just about exhausted their possibilities as I do in those who claim that we have reached the end of history. Like legislative action at the national level, the ILO's normative work is an ongoing process, fuelled by its primary role of responding to a constantly changing environment and realities. We need not look far afield to see that the need for standard-setting is as real as it ever was: simply consider the new problems arising from the introduction of new technologies in the areas of occupational safety and health or workers' privacy.

And yet, it is not enough merely to produce standards. For standards must be ratified and applied. While national legislation directly applies to relations between the State and workers and employers, the ILO's international standards can have the same effect only with the assent of the member States, as signified through ratification of the instrument.

Several observations are in order here and some are particularly important.

First, the rate of ratification of Conventions has been stagnating for a good number of years, even if the total number continues to rise. It is certainly a little rash to compare the record for different time-frames, since the subjects of Conventions vary, and also because the number of member States has grown considerably. Nevertheless, there has been a drop-off in the rate of ratifications in recent years. To illustrate, in their first ten years of life, the Conventions adopted between 1950 and 1955 had an average ratification rate in excess of 30 per cent. The figure for Conventions adopted between 1965 and 1970, not ten, but 15 years later, is around 15 per cent. Although it is still too early to calculate comparable ratification rates for instruments adopted in

subsequent five-year periods, all indications suggest that there has been no reversal in this downward trend.

Secondly, there is a growing discrepancy between the attitude of certain governments at the time an instrument is adopted by the Conference, and the stance they take when the same instrument comes up for ratification. For quite a few years now, the time it takes to incorporate the provisions of international standards in national law and practice has lengthened considerably. Many States prefer to give their internal legislation more time to adapt, in line with improvements in their economic and social situation, before assuming the obligations imposed by international instruments. Other States prefer not to commit themselves and show no signs of taking standards into account to any extent in formulating their policies; of course, they are at liberty not to ratify Conventions — and there has never been any suggestion that the principle of voluntary endorsement of ILO standards might be abandoned — but they have after all endorsed them at the Conference. Lastly, there is the paradoxical case of States which adopt legislation based on ILO standards, but do not ratify the standards themselves. In practice, therefore, the standards are being applied in substance, but outside the principal supervisory mechanisms.

Thirdly, the ILO's very real progress towards universality means that it has to cater to member States in increasingly different circumstances and needs, which sometimes makes it difficult for them to adhere to a kind of common code. But it is also true that the Organization itself has begun to experience some difficulties in proposing a common code to governments, workers and employers, who must deal with our changing world; these difficulties will increase unless the Organization comes to grips with what the concept of a common code really means.

It is therefore time we asked ourselves whether the pace of setting new standards needs to be maintained. We should also take time to update standards which are no longer relevant, a process

we began several years ago. Perhaps we should even review certain recent Conventions which, in spite of their relevance, have not been ratified because their provisions are considered too rigid, or their requirements too high. Standards adopted in recent years have, in fact, been characterized by a "maximalist" strategy which aims at introducing "high-value added" provisions which are already in force at the regional or national level. Almost invariably, this strategy leads to the adoption of Conventions that many States are unable to ratify. Thus, perhaps our Conventions should aim at defining a general framework, leaving the more detailed provisions to a Recommendation, or to the so-called flexibility clauses envisaged by the Constitution since 1919.

I cannot emphasize strongly enough the very urgent need to deal with the social impact of the changes our world is experiencing. This is amply demonstrated by the deep recession and almost unprecedented levels of unemployment which are afflicting the industrial countries; by the upheaval from structural adjustment programmes that have had to be adopted in the developing countries but without an adequate social dimension; and by the new democratic majorities' abandonment of the planned economy in the countries in transition, where market forces alone can hardly be expected to satisfy even the most obvious social aspirations. More than ever, the ILO must be careful not to be caught up in any ideology or fashion that leads to a juridical vacuum and, inevitably, to a return to the "law of the jungle"; that would only take us back to the situation that prevailed in the early years of the Industrial Revolution, and to the unfortunate social consequences which our Organization was created to address.

How should we proceed with this qualitative rather than quantitative approach to standard setting? Three levels of intervention come readily to mind: first, the choice of subject and the content of standards; second, the better utilization of standard-setting machinery and other instruments; and, third, the

strengthening of the evaluation process and the consolidation of existing standards.

What subjects? How to make the best choice?

The choice of subjects for new standards is made by the Governing Body. To this end, the Governing Body relies on a document prepared by the Office on the basis of information available to it (analysis of law and practice in member States) rather than on the basis of what member States perceive as their most urgent needs.

In practice, the Governing Body often proceeds by a process of elimination, discarding proposals that do not seem to hold enough interest for the majority, rather than on the basis of their intrinsic merit. The choice, therefore, is one of resignation rather than enthusiasm, and sometimes leads to the adoption of controversial instruments that are consequently not widely ratified.

It seems to me essential to achieve a better synthesis between political negotiations (covering, in particular, the economic environment of the subject in question, the feasibility of embodying it in national law and practice, and the various financial and social repercussions of its application) and the technical aspects of the instrument's preparation.

The recent reforms introduced by the Governing Body in the procedures used to establish the Conference's agenda lead us to expect a better choice of subject through a more substantive debate during the second discussion. But perhaps we could go further in the same direction by holding a prior discussion for the purpose of determining what the real needs are and outlining the possible content of the instrument before the final process of drafting starts. What better forum for this than the International Labour Conference itself?

I am convinced not only that this prior discussion will not unnecessarily prolong the procedures, but that it will ensure that fuller account is taken of the diversity of national situations, and thereby dispel the impression of some member States that their real needs are not addressed by our standard-setting activities. It should also make it possible to assess more accurately the economic impact of proposed standards, and thus avoid the dissuasive effect which their financial implications might have on the instrument's ratification. On this basis, the Office would be in a much better position to prepare realistic and well-designed questionnaires, and to propose any flexibility clauses that may be needed.

At the same time, the current procedural reforms concerning the establishment of the Conference's agenda and the work of the Governing Body and of the Conference in general will, by lightening the administrative workload, allow discussion to focus more on substantive aspects.

Before we leave this topic, I would like to clear up a possible misunderstanding. The need to take into account the differing realities, needs and possibilities of our member States in no way implies that our standard-setting efforts should be restricted to establishing a kind of lowest common denominator. If that were the case, our standards would lose much of their meaning as instruments for promoting progress, and would perhaps exacerbate the trend towards the creation of regional standard-setting bodies. In order to take countries' needs into account, while continuing to set real targets for progress, our standard-setting activities must simply make the best use of the various instruments available.

#### A better utilization of available instruments

For obvious reasons, international labour Conventions have always been viewed as the strongest instrument in the ILO's

standard-setting activity. The foregoing paragraphs, however, suggest that we face a serious dilemma: either the provisions they contain are made more flexible so as to make them more accessible to the majority, in which case the Conventions would lose some of their character; or else they include a minimum number of strict obligations, and the Conventions run the risk of being ratified by disappointingly few countries.

In wrestling with this dilemma, it is frequently pointed out that the value and influence of Conventions cannot be measured simply by the number of ratifications they garner. Even unratified, they exert a definite influence — albeit one that is hard to quantify — as benchmarks or points of reference. This has been true both for countries which have gained independence and for those which are shedding political and economic systems which had been imposed on them.

But it is also true that Conventions are not meant to be abstract models. Their purpose is to contribute to the achievement of the ILO's objectives, by means of voluntarily accepted obligations, in order to improve in a concrete and measurable way the conditions of work of as many workers as possible. They should, as emphasized in 1946 by the Delegation on Constitutional Questions, encourage a phenomenon of emulation in favour of social progress. Recommendations, on the other hand, lend themselves to guidelines and models. My predecessor was quite right, in his Report of 1984, to lament the fact that Recommendations are too often seen as second-class instruments. Whenever a Convention cannot be made ratifiable without first watering down the standards it sets, it would seem preferable to adopt instead a fully autonomous, clear, precise and detailed Recommendation, which might guide member States along their path to fuller development. Eventually, it might pave the way for a Convention. The Conference should give this question all the attention it deserves, and

perhaps reconsider the practice of almost systematically adopting a Convention and Recommendation on the same subject.

Whether it leads to a Convention or a Recommendation, the formal standard-setting process outlined in the Constitution entails a lengthy period of gestation. This form of action is, therefore, not the most appropriate in fields where conditions and needs change rapidly, and where member States and workers' and employers' organizations naturally turn to the ILO for technical or even legislative guidance. Thus, there is unquestionably a need for a sort of soft law — with a shorter life and less binding than standards in the strict sense — in the form of codes, practical manuals or directives, to provide governmental and non-governmental decision-makers with the counsel they might need to deal with new problems. We shall return to this subject in the next chapter.

#### Evaluating and consolidating standards

The evaluation of existing standards should be recognized as part of standard-setting activities. The founders of the ILO anticipated this — indirectly, it is true — in article 19 of the Constitution, which calls for periodic reports on unratified Conventions and on Recommendations. These reports can bring to light the difficulties encountered and the modifications that could facilitate the application or ratification of standards. These reports are used by the Committee of Experts to prepare the annual general surveys on instruments selected by the Governing Body. Although these general surveys are becoming more and more comprehensive, in practice they are not really an ideal vehicle for evaluation. And yet, they have the potential to become one.

I believe we should correct this situation by reorienting the general surveys towards an evaluation of the instruments to which they relate. This would effectively enable us to carry out an audit

of the relevance of existing standards, and of the advisability of maintaining them, which would be a separate item in the work of the Governing Body and of the Conference. This change would not require a constitutional amendment but a simple reorganization of work, and would not affect the role of the Committee on the Application of Standards. We should envisage the participation in this tripartite exercise of specialists in the subject-matter in order to bring standard-setting activities closer to the realities and the needs of the various regions.

Perhaps this audit will in some cases result in a genuine consolidation of existing instruments dealing with the same subject-matter, and thereby enhance their impact. Indeed, the legal impossibility of abrogating Conventions creates a situation in which standards overlap one another; this sometimes confuses the uninitiated and reflects poorly on the image and clarity of the ILO's standard-setting action.

Since we cannot abrogate outdated Conventions, we might wish to consider the possibility of sorting existing Conventions by subject-matter, with a view to establishing a single Convention, for example, which would replace the others and allow for the separate ratification of its various parts. The possibility of effecting such a consolidation was already examined in the context of the in-depth review of international labour standards in 1986. We should not underestimate the technical difficulties or cost of such an endeavour. However, given the present circumstances, perhaps we should re-examine the difficulties involved, as described in the document prepared by the Office and in the various interventions on the subject. To the extent that there are relatively fewer new subjects for standards, it might prove easier to use the Office's technical resources for consolidating Conventions on the same subject-matter, and thereby rejuvenate the ILO's standard-setting action.

## NEW PROSPECTS FOR THE PROMOTION AND SUPERVISION OF BASIC SOCIAL RIGHTS

Since its founding 75 years ago, our Organization has played a significant part in creating a fundamental charter of human rights in the field of labour. Happily, the Conventions which enshrine these rights are among the most widely ratified and respected. In commemoration of the ILO's 75th anniversary we have asked member States to ratify one or more of these Conventions. What a splendid gift they would give the ILO if they made it possible for us to announce that the rate of ratification of these Conventions, which now stands at around 70 per cent, had risen considerably.

There is reason to hope that the end of the Cold War and of the ideological divisions between blocs will usher in a new era in which we will witness a strengthening of basic social and labour rights. I therefore invite the Conference to reflect on how we might strengthen the authority of our Organization as regards the fundamental rights of working people. I can think of no better follow-up to the recent World Conference on Human Rights sponsored by the United Nations in Vienna.

Can we improve compliance with our basic standards by somehow changing the underlying philosophy of our supervisory system? At present, the system is based on dialogue and persuasion; it relies on the juridical authority of the Committee of Experts and on the political authority of the Conference Committee on the Application of Standards and of the Governing Body. If the system has a drawback it is that it is often slow, especially when dealing with governments that are reluctant to respect fully the ILO's values, principles and standards. On the other hand, it has proved to be very effective with respect to governments that recognize the technical and political authority of the supervisory bodies. There is nothing to suggest that we should change this

philosophy; it does not always lead to quick results, but it has proved to be effective in the long term.

A second general question concerns the economic or political sanctions that some wish to apply against States that fail to comply with Conventions they have ratified, or that engage in serious and systematic violations of the universal principles enshrined in the ILO's Constitution. At first glance this idea might seem enticing. It has, however, been repeatedly discarded since the ILO's earliest days for pragmatic reasons that are still valid today: in addition to the difficulty of implementing sanctions, the mere prospect of sanctions is capable of discouraging ratification, or even membership in the Organization.

But can we really hope to do a better job of promoting basic social rights through an institutional philosophy that is based on persuasion rather than coercion?

I think we can, if our member States have the will. If they are sufficiently determined, the Constitution offers them a basis for promoting these rights, as evidenced by the remarkable success of the freedom of association procedures. In fact, article 10, paragraph 1, of the Constitution empowers the Office to conduct such special investigations as may be ordered by the Conference or by the Governing Body. It is under this provision that the procedures of the Fact-Finding and Conciliation Committee on Freedom of Association were instituted, and that the procedures of the Freedom of Association Committee have gradually evolved. This shows that a highly effective promotion of rights can be achieved without creating new obligations for member States over and above those which they have already assumed by joining the ILO and ratifying Conventions. All that is required is a certain level of consensus at the outset.

Although freedom of association enjoys a special place in the Constitution and in the Declaration of Philadelphia, there is nothing to prevent the Conference and the Governing Body, if that

is their will, from establishing similar procedures for other basic social rights, under the provisions of article 10.1. Such procedures could be established in respect of discrimination in employment, a subject which is becoming more and more topical owing to discrimination based on sex or ethnic origin, or in respect of forced labour, whether of adults or children.

Of course, the absence of special procedures in these fields has been partially compensated in the past 15 years or so by greater recourse to the constitutional representation and complaint procedures. The increasing number of such complaints, however, has given rise to problems of cost and technical support, whereas procedures such as those used for freedom of association offer the advantages of flexibility, promptness and relatively low operating costs.

Several alternatives based on that model are possible. We could broaden the existing Committee's mandate; although its composition probably accounts for much of its success, that too is not intangible. Or we could consider creating new specialized tripartite committees. It would be premature, however, to go into the details of the various options.

The ILO does not have any procedure enabling it, at the request of the parties, to intervene in the settlement of serious disputes. Perhaps we could look at the example of current procedures for direct contacts missions, and consider the possibility of having the Office offer a permanent voluntary mediation and arbitration service. At the request of one of the parties concerned, and subject to the approval of the government in question, this machinery could be used both to resolve differences in respect of ratified Conventions and to mediate in serious collective labour disputes. It could also be used in the framework of current procedures (regular procedures as well as representations, complaints in general and complaints concerning freedom of association), and procedures which could be established as regards

the abolition of forced labour or discrimination in employment. As occurs in direct contacts procedures, a representative of the Director-General could quickly visit the site of the dispute and undertake the requested mediation or arbitration, as the case may be. As is the case with direct contacts missions, these voluntary mediation and arbitration procedures would have the effect of suspending other procedures during a reasonable period (which should not exceed one year). In carrying out the mission, the representative of the Director-General would be guided by the ILO's constitutional principles and standards.

There is currently no international procedure of this kind in the social and labour field. The cost of this machinery would be relatively low, as is currently the case of direct contacts missions; in fact, it might even result in savings to the Organization if it were to replace commissions of inquiry and fact-finding and conciliation missions regarding freedom of association. Such a procedure would also be less costly for governments and the social partners; moreover, it would be consistent with recent decisions taken by the Governing Body concerning various supervisory procedures.

#### STRENGTHENING THE INTERNATIONAL EFFECTIVENESS OF STANDARD-SETTING ACTION TO COPE WITH THE GLOBALIZATION OF THE ECONOMY AND GREATER INTERNATIONAL COMPETITION

One of the better known passages of the Preamble to the ILO Constitution states that "the failure of any nation to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries".

This text clearly shows that the wish of our founding fathers to promote social reform and social justice was accompanied by a concern that States engaged in social reform should not be placed at a disadvantage in international competition. Ever since 1919, then, the link between international labour standards and international trade has been a prominent issue; it is even more pressing today.

It may be useful to recall that an early British draft of the Constitution stated that:

One of the fundamental objects of [international labour] Conventions is to eliminate unfair competition based on oppressive conditions [...] The appropriate penalty [for States which tolerate such conditions] accordingly appears to be that when a two-thirds majority of the Conference is satisfied that the terms of the Convention have not been carried out, the signatory States should discriminate against the articles produced under the conditions of unfair competition proved to exist unless those conditions were remedied within one year or such longer period as the Conference might decide.

However, the framers of the Constitution deliberately discarded all forms of coercion. Showing a great sense of realism, they concluded that recourse to constraints or sanctions would only discourage States from ratifying Conventions, or worse yet, from joining the Organization. But they did not abandon the objective of regulating international competition; instead, they pinned their hopes on the assumption that this objective could be achieved without the need for compulsion in reliance on the willingness of member States to apply the principle they had endorsed in accepting the Constitution: namely, to ratify international Conventions in good faith whenever conditions permitted.

This optimistic assumption has often been criticized, especially, and quite naturally, in times of recession. In 1931, for example, Albert Thomas was criticized by British employers for having failed in his most important task — to ensure that the socially more advanced countries would not be penalized or lose

jobs owing to competition from other countries with less progressive social legislation.

The recurrent nature of this criticism might seem to suggest that doubts concerning the effectiveness of ILO standards as regulators of international trade are nothing more than a conditioned reflex to troughs in the economic cycle, and bound to vanish as the economy recovers.

I am convinced, however, that such a diagnosis is incorrect. The globalization of the economy is in fact a fundamental structural change; it challenges two institutional characteristics which, although common to most international organizations, have special implications for the attainment of the ILO's objectives.

The first has been mentioned on several occasions, namely the voluntary nature of the acceptance to be bound by Conventions, which prevents them from playing a full part in the regulation of international trade.

The second characteristic, although it does not yet seem to have attracted much attention, is yet no less significant given the globalization of the economy. It concerns the "state-centred" nature of ILO standards, in other words, the fact that the obligations arising from Conventions apply directly only to States, although the role of the non-governmental actors in the globalization of the economy is increasing and can determine the success or failure of national social policies.

I firmly believe that we can overcome these limitations without a fundamental reform of our Constitution, and thereby strengthen the standard-setting machinery.

**The "social clause" in the context of an increasingly global economy**

More than a few of our constituents are preoccupied by the increasingly obvious social consequences of the global economy,

of international competition, and above all of the speed with which productive activities can be shifted among countries. Can the ILO limit itself to pointing to the long-term regulatory effects of its standards? Can it simply turn its back on the problem without losing all credibility, considering that it was conceived as an instrument for social regulation in international trade and is the only tripartite organization which brings together the major players in the globalization of the economy?

The crucial question is whether, given the voluntary acceptance of obligations arising from its standards, the ILO can maintain the spirit of "emulation" towards social progress in spite of the countervailing influence exerted by the globalization of the economy and the growth of international competition.

I am referring, of course, to the issue of "social clauses", or the guarantees that a growing number of advocates wish to incorporate in international trade agreements to ensure that the gradual liberalization of markets is accompanied by improvements in conditions of work, or at least by the elimination of the most flagrant abuses and forms of exploitation. Through the social clauses, either the access of exporting countries to international markets is made conditional on compliance with certain basic ILO standards, or — more concretely — a link is established between the lowering of barriers to trade and compliance with certain labour and social protection standards to the extent that the latter affect production costs.

What role should the ILO assume in this debate?

In the opinion of many countries which see these considerations as a barely disguised justification for new forms of protectionism, the ILO should steer clear of the fray. But it sometimes seems that other countries wish, on the contrary, to see the ILO play a role which it was deliberately not given at the time of its creation.

In order to dispel these suspicions and to play a truly useful role, the ILO should recognize both that its mandate requires that it be a party to this debate, and yet that it should not advocate either restrictions to trade or a compulsory equalization of social costs. Such a course would not only be impractical, given the controversy surrounding the issue of "social dumping"; it would also be at odds with the double premise on which the ILO is based

The first of these premises is that freer trade is to be sought for its potential to spur economic development, and thereby to improve the conditions of life and work and create jobs. This implicit premise was restated in 1944, following the hard economic lessons of the 1930s. Although it is true that an unbridled liberalization of trade can work against the social objectives of the ILO, our Organization has as such no mandate to regulate international trade. This task falls to the GATT, even if its current Articles do not give it a specific mandate to deal with the problem of social dumping.

The second premise is that the ILO should rely on cooperation rather than coercion in its efforts to promote social progress. The ILO's vocation is to help its Members to realize the objective of social progress to which they subscribed when they joined the Organization, through an ongoing dialogue to remind member States of their obligations.

Is it possible to reconcile this voluntary approach, which is the basis for the universal confidence the ILO enjoys with its vocation to strengthen the effectiveness of its standard-setting activities for the regulation of international trade? How then can we make its standards more effective while retaining their voluntary nature? There are several possible answers.

One solution would be to transfer the responsibility for sanctions to a kind of "secular arm" outside the Organization. That is essentially what happens when States or groups of States

link trade concessions (such as access to their markets) to compliance with certain labour standards with a view to combating what they refer to as "social dumping". This practice already exists, and it is reasonable to expect that it will spread. While there is nothing in the Constitution which forbids it, its utility to our Organization is by no means clear and our supervisory machinery could suffer if the conclusions that result from it are used in a context of coercion.

Another solution would be to build upon the commitment to social progress that is inherent in membership of the Organization by creating a special procedure along the lines of our freedom of association procedure, with a view to promoting the efforts of member States to give effect to that commitment, to the extent that their economic growth allows. This procedure would entail an assessment of the social progress made possible in member States by the liberalization of international markets and, more generally, by the opportunities afforded by the globalization of the economy.

Let us begin by defining the procedures involved in this assessment.

First of all, the assessment would not aim to control alleged instances of "social dumping". This concept covers far too wide a range of situations; excluding a few easily identifiable kinds of abuse (for example the case of export workers in zones which do not benefit from social legislation as favourable as that which applies to the bulk of the country's workforce), there does not seem to be agreement on its definition. It would likewise be Utopian — and contrary to the philosophy of the ILO's Constitution — to think that we could legislate a standardization of labour costs. From the ILO's standpoint, and in the light of the obligations inherent in membership, the problem is not so complex: the essential obligation is not to achieve results but rather to pursue certain means or lines of conduct. Thus, the question to be asked is whether the States concerned are taking sufficient measures to

examine the possibility of ratifying ILO standards or applying them to the extent their situation and means allow, and, in particular, to the extent made possible by the economic growth resulting from the relaxation or removal of trade barriers.

Clearly, only the State itself can undertake such a self-assessment on a tripartite basis, in accordance with the ILO's fundamental principles. No one else, not even the Organization itself, can decide for each ILO Member the fields in which it should act or the priorities it should set in order to bring about the social improvements which economic growth and freer international markets make possible. Such choices belong to those concerned, subject only to two sets of minimal conditions which should be accepted on the basis of reciprocity.

The first of these conditions is institutional in nature. Indeed, it is difficult to imagine how a serious, sincere and timely assessment of the prospects for social progress afforded by economic growth and expanded trade can be carried out within a tripartite framework at the national level in the absence of an institutionalized setting for discussions between all parties concerned, and especially the representative organizations of workers and employers. This, in turn, depends of course on a sufficient degree of freedom of association.

The second set of conditions concerns basic standards which, regardless of national priorities, seem inseparable from any pursuit of social progress. Thus, in addition to the respect of certain basic principles, there would seem to be sufficient justification to require the adoption of certain minimum provisions in the field of social security; while it is perfectly natural for some countries to capitalize on legitimate comparative advantages such as lower wages or a lower cost of living (legitimate in the sense that they are not artificially maintained), there is no reason for these countries not to endeavour to provide a minimum level of protection against the most basic contingencies, in proportion to

local costs, and to the extent that such protection can be financed out of the additional wealth generated by the growth of trade.

As mentioned earlier, such an assessment implies an element of reciprocity. For the developed countries which have already established social and labour institutions providing a high level of social protection, the right to examine the measures taken by developing countries to share with workers the benefits made possible by economic growth and greater trade would logically entail a renunciation on their part of unilaterally imposed trade barriers of the kind referred to above.

In keeping with its practical vocation, the ILO would not embark on such an assessment without searching, at the same time, for complementary measures that would facilitate the necessary adjustments in all countries concerned, whether developed or developing. As regards the developed countries, which are frequently faced with severe adjustment problems resulting from the relocation of economic activity, these measures should include training and retraining of the workers concerned; and, to ensure that such an obligation is respected, those measures should be underpinned by the necessary financial and institutional arrangements.

At the same time, it would be necessary to offer the developing countries real and practical support to help them to cope with the negative consequences which could result from introducing social measures offering a higher level of protection as their international trade develops. Consider the example of child labour. It might be possible to exert greater pressure on exporting countries to reduce gradually the recourse to child labour in export-processing activities, as called for by existing standards, if at the same time they were given some assistance to provide the children concerned with basic services, especially school facilities.

There is of course the possibility of bilaterally financed technical assistance, but this approach no longer seems commen-

surate with the magnitude and multilateral dimension of the problem. The only realistic way of dealing with the problem is to be bold enough to consider entirely new solutions. In this sense, we could perhaps consider some concerted action with the GATT, and see if international trade itself can provide a source of financing for these complementary adjustment measures.

The legal basis for a comprehensive approach such as I have outlined in the foregoing paragraphs could, following a consensus in the Governing Body and then the Conference, take the form, for example, of a declaration and programme of action. Some will no doubt point out that this avenue suffers from obvious limitations as regards the effectiveness of any links it might create between standard-setting activities and freer trade. If this were a widely held view, a course of action entailing binding obligations could be considered through the adoption of a new international Convention on this subject.

The adoption of an international labour Convention might, at first glance, appear paradoxical, to the extent that it would seem handicapped by the same limitation it seeks to correct: namely, the voluntary nature of its acceptance. For such a Convention to be effective, it would have to offer an effective incentive for its ratification. Such an incentive in fact already exists and was mentioned earlier — namely, the pledge of ratifying States not to resort to unilateral trade restrictions. The intrinsic legitimacy of such restrictions is indeed questionable, but the Organization has no constitutional means to prevent them outside the voluntary framework of an international labour Convention, whose original feature would be that it would formulate reciprocal rights and obligations for the contracting parties; thus, States would undertake to abstain from applying unilateral trade restrictions — whose potential repercussions, should they become generalized, cannot be overestimated — in exchange for a greater commitment by their trading partners to strive towards the social progress expected

from Members of the Organization. This alternative, coupled with the guarantees afforded by the supervisory machinery for Conventions, would provide a highly eclectic means of balancing reciprocal rights and obligations, and would thus ensure the effectiveness of standards while maintaining the principle of voluntary acceptance.

The establishment of such machinery would certainly represent a quantum leap, but it would still be entirely consistent with the ILO's mission to promote peace — including peace in trade relations — and social justice — including social justice between nations. It would also have the advantage of fitting within an existing and familiar legal framework. Unless the idea of reviving a world trade organization is realized, it is hard to see where else a mechanism of this kind could be found today. An ILO Convention would recognize the GATT's obvious and pre-eminent role in this field, by associating it in measures to give effect to the provisions of the Convention.

#### Standard setting and non-governmental actors in a global economy

Conventions and, in a more general way, Recommendations are directed exclusively at governments. In the heyday of the Nation-State that posed no problem, for if the ILO assumed responsibility for equalizing the cost of labour, each State could go on formulating its economic and social policies as it wished. But all this has changed with the globalization of the economy; even the governments of the most powerful States are finding it hard to pursue autonomous economic and social policies successfully owing to the domestic repercussions of decisions taken by extra-territorial actors, and particularly by the networks of enterprises that can easily shift their production sites across borders or oceans to cut costs and maximize profits. This new situation has an

indirect impact on the effectiveness of the ILO's standard-setting activities. This is especially true as regards the promotional Conventions, such as the Employment Policy Convention, 1964 (No. 122), which aim at promoting a policy whose success is largely determined by external factors.

One might think that, because of its tripartite structure, the ILO is less affected than other organizations by this wide-ranging phenomenon. But that is not the case for its normative work; although the social partners enjoy a number of prerogatives in the overall standard-setting process (which they have rightly jealously guarded), they are not directly bound by the obligations arising from such standards.

It is here, then, that tripartism, the ILO's most original feature and the source of its strength, constitutes both a limitation and a new opportunity. Traditional international law, under which only States and intergovernmental bodies can have rights and obligations, cannot deal with this question effectively. The ILO, on the other hand, offers an unparalleled legal infrastructure, which has already been used in two ways to meet the challenge of a global economy. Let us take a closer look.

The first possibility is to use the industrial committees, which the Report to the Conference in 1944 hoped would be able to provide a framework for "the negotiation between representatives of employers and workers of agreements of an international character not less effective than national collective agreements".

That hope, as we know, came to nothing and, with the benefit of hindsight we should hardly be surprised. It was naive to think that we could set uniform conditions in given industries, especially as regards wages. We might even question whether such an aim falls within the ILO's mandate, except, perhaps, for the establishment of minimum wages. The Organization must recognize that wage differentials linked to differences in the cost and standard of living in different countries may actually promote development.

provided that they are established with the participation of those concerned and their representatives, and do not fall below certain thresholds. Industrial committees might, however, provide a suitable framework for discussing certain aspects of the relocation of production (for example, the requirements as regards prior notice, and the corresponding compensation in the various branches of industry concerned). For this it would, of course, be necessary to review the composition of these committees in order to allow for the participation of national and international decision-makers from the industries in question. Although that is not the case today, it could easily become so should the subject under discussion justify it.

The second avenue is more direct. It involves the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, which is directly addressed not only to governments, but also through them to the specific actors whose decisions affect growing numbers of workers. Here again, the effectiveness of this Declaration is limited to the extent that compliance is entirely voluntary; moreover, it does not provide for a supervisory system, properly speaking, calling only for interpretation machinery which rarely comes into play owing to conditions for receivability which are difficult to meet in the absence of consensus. It would be very difficult to modify this system without upsetting the delicate balance on which it is based. One possible way of broadening the scope of this procedure without upsetting the balance might be to offer multinational enterprises the option of subscribing voluntarily to certain standards or codes of conduct for which verification procedures could be established. The fact of subscribing to an optional clause, which once accepted would be binding, could be recognized by the award of a "social label"; by adopting a variety of codes of conduct, some of which are very stringent, multinationals have already shown that they attach great

importance to such forms of recognition, especially in the eyes of consumer organizations.

Other voluntary forms of action could be encouraged under the auspices of the ILO, and specifically the establishment of works councils within multinational enterprises.

To summarize, it should not be necessary to embark on another constitutional reform to make the ILO literally a world labour organization so that it is better equipped to fulfil its mandate in today's world. That does not mean, however, that we can afford to lose sight of the intrinsic limitations of our standard-setting activities as regards certain aspects of social policy, such as employment policy, which often transcend national boundaries and lie beyond the purview of individual governments. I am not suggesting that the ILO cannot deal effectively with such subjects. Quite the contrary. Rather, I would suggest that the ILO must tackle these issues by supplementing its normative and para-normative work with the other means at its disposal — means which could enable it to mobilize and directly involve the non-governmental actors in so far as it is the only body that provides an institutional framework for their full participation.

## AN ORGANIZATION AT THE SERVICE OF ITS CONSTITUENTS

# 4

Often defined as a standard-setting organization, the ILO has another and no less essential function: extending practical support to its tripartite constituents in dealing with problems of employment and work.

This support takes the form of a wide range of services:

- supplying constituents with information and analysis on questions related to employment and work;
- offering a forum for debate on issues of current concern;
- providing a point of reference on policy issues and technical problems;
- acting as a partner in technical cooperation.

The collection and dissemination of information was a major function assigned to the Office under the ILO Constitution. From the start, the work of the Office went far beyond passive accumulation of documentation or statistical data and provision of secretarial services to the political organs. Under the dynamic conception of Albert Thomas and his colleagues, the Office undertook studies, carried out analyses, issued reports with clear policy orientations and formulated proposals for action — often on the most controversial issues of the day. This active approach did not please everyone at the time and indeed led to occasional skirmishes between the Office and major governments. But it

established a tradition which has been a distinctive characteristic of the ILO ever since.

The progression from the dissemination of information and analysis towards direct assistance to individual countries started in the 1930s. The Office assisted a wide range of countries in building social security systems, drafting labour legislation and setting up labour departments. This embryonic technical cooperation programme acquired an entirely new dimension in the aftermath of the Second World War. Significantly, the reformulated definition of the aims and purposes of the ILO in the Declaration of Philadelphia widened the focus of ILO action from the better regulation of labour conditions to the attack on poverty — “the war against want”. The Declaration affirmed the “solemn obligation” of the ILO to promote action in a series of fields which together amounted to economic and social development. In advance of its time, it called specifically for international and national action “to promote the economic and social advancement of the less developed regions of the world”.

A key feature of this broader mandate was cooperation between the ILO and the new international organizations which were then being envisaged and which would soon make up the United Nations system. The participation of the ILO in the great development effort undertaken by the United Nations system launched the second major phase in the life of our Organization. Through a technical cooperation programme which started up in the early 1950s and gained rapid momentum to reach a peak in the last two decades, the ILO became what David Morse called an “operational organization”. If the ILO’s standard-setting activity gave the ILO its initial prestige and established the Organization on the international scene, its technical cooperation activities enhanced that prestige, spread it to countries at vastly different levels of development, and confirmed the ILO on the new and much wider international scene.

Now that scene has again changed. The political and economic trends I cited earlier have led to a demand for the ILO's services from a much greater number and a much wider range of countries. ILO activities must therefore respond to the varied needs of constituents who are more diverse than ever in the situations they must face and the interests they must pursue.

### A SOURCE OF INFORMATION AND ANALYSIS

The prestige of the ILO has been underpinned throughout its existence by its solid continuing work in the various fields it covers. Activities such as the dissemination of technical information, the translation and distribution of legislative texts, the preparation of manuals and guides, the development of statistical methodology and the systematic collection, analysis and publication of statistical data have always been widely appreciated. They have been of immediate and direct utility to government departments, official agencies, employers' and workers' organizations, universities and research institutions, and others whose day-to-day work concerns social and labour questions.

A frequent comment made by ministers, delegates and others as they get to know the Organization is that the surface view of Conference debates, political controversies and the like fails to reveal the variety, the depth and the quality of the technical work that lies below.

That technical work constitutes both an important service in itself and an indispensable foundation for all other functions of the ILO. It stretches from the compilation and distribution of various kinds of information to the analysis of complex problems with the aim of influencing policy. Reinforcing this analytical role is critical to the continuing effectiveness of the ILO.

One of the greatest services the ILO can offer to its constituents from all sides and in industrialized, transitional and developing countries alike is the clarification of issues and the generation of ideas. As I recalled at the beginning of this chapter, the right and the responsibility of the ILO to carry out and publish frank analyses on current social issues were firmly established in the early years of the Organization. I think it is time to revive that tradition.

I am not referring here to considered and agreed statements of the policy of the Organization. They are the province of the representative tripartite organs. What I have in mind are analyses, comments and ideas emanating from the Office and aimed at shedding light on complex problems, bringing greater vigour and precision to debates and stimulating more informed discussion. In due course, such work could perhaps lead to agreed conclusions, policy statements or the revision or adoption of standards. But its immediate aim would be to assist policy-makers in dealing with difficult issues — issues which cannot be resolved through set formulas or received wisdom.

Without venturing to predict the crucial issues of the future, I can indicate as examples some that are at the heart of debate on labour and social policy at present.

I referred earlier in this Report to the globalization of the economy. What do the various tendencies encapsulated in this expression — the mobility of finance, the transferability of manufacturing capacity and of services, the movement of labour, the freer movement of goods, and so forth — imply for employment, unemployment and working conditions? Not just in general terms but very specifically in terms of countries, sectors and categories of workers. What policy conclusions can be drawn?

A related current issue is trade liberalization at the global, regional and subregional levels. Few issues are causing so much apprehension and tension among ordinary people who fear for

their livelihoods. Would it not be useful for the ILO to study the problem in depth and to suggest, even if only for purposes of argument, policy options for consideration by those who must formulate positions and take difficult decisions?

Let us take another issue directly affecting the ILO, its standards and even its general philosophy: the alleged conflict between the protection of workers and employment promotion. This is hardly a new problem; it was posed practically from the inception of the Organization and has resurfaced periodically ever since. Yet there is no doubt that it has acquired a new urgency at a time of heavy, persistent unemployment and in a general political context of deregulation, disengagement of the State and greater reliance on market forces. The controversy as to whether regulation and worker protection are deterrents to employment and, conversely, whether deregulation and flexibility are valid means of promoting employment has been intense. The ILO must address, in the most objective way possible and without feeling any need to be defensive, the concrete questions that arise. What is the relative influence of labour costs on employment in comparison with other economic factors? To what extent and in what ways do such issues affect employment in different sets of circumstances? How do different aspects of regulation and working conditions influence employment in different situations? Where would greater flexibility help? Where would it be of little relevance or even counterproductive? Where should lines be drawn? Minimum wages? Protection against dismissal? Working time? Occupational safety and health? Social charges? Too often, questions of deregulation and flexibility are discussed in the abstract. Arguments on all sides tend to be long on ideology but short on facts and close analysis. It can and should be the role of the ILO to ascertain the facts and to attempt serious analysis.

These are only a few examples of issues which call for this kind of work. I could also cite the malfunctioning of many social

security schemes, the widespread doubts about the effectiveness of some forms of social protection, the problem of exclusion from the mainstream of society, the implications of migration and the growth of multi-racial or multi-cultural societies, and many others. In the future, very different issues may arise and some of the same issues may take on different aspects. My point is that at any given time there are basic questions which the ILO's constituents must face and which the ILO must therefore address if it is to be relevant to their concerns.

In an increasingly diverse and rapidly changing world, the ILO cannot be expected to find definitive answers valid for all situations. What it can do is help clear the ground for pragmatic solutions. It can provide the data and analysis needed for more informed choices. In the face of hard dilemmas and conflicting objectives, it can assist its constituents in finding the best points of balance for their situations.

To fulfil these aims, it is essential to reinvigorate the ILO's research programmes. This does not mean abstract academic research, or research for its own sake, or research merely spawning further research. The object is to shed light on important issues of practical concern to our constituents, thereby assisting them and the ILO itself in formulating policies and taking action.

At its best, ILO research has drawn attention to problems, has stimulated debate, has originated or clarified concepts that have subsequently been generally accepted (for example, the informal sector), has developed fresh approaches to tackling deeply rooted problems (for example, child labour), has created a knowledge base for technical cooperation, and has led to the revision or adoption of standards.

It is important to ensure that ILO research is undertaken with a sense of urgency; that it is sharply focused on major issues of current and direct interest to governments, employers and workers; that its objectives are clearly defined; and, above all, that it results

in finished products which do not just describe problems but suggest, no matter how tentatively, policy options and solutions.

I recognize that this is largely a matter for the management of the Office but it also requires an acceptance by the Governing Body and the broader constituency of changes in methods and in style.

The key change in method is greater flexibility in preparing and presenting Programme and Budget proposals. I referred in an earlier chapter to the time lag between programme planning and programme implementation which often robs the ILO's work of its topicality. This problem is compounded by the formulation of technical programmes as a series of narrowly defined work items, a practice that has the merit of facilitating close scrutiny of proposals but the much more serious defect of causing excessive fragmentation, compartmentalization and rigidity. I intend to frame future proposals increasingly in terms of subject areas rather than over-specific work items.

I also intend to go further in promoting interdisciplinary work as a means of attacking certain problems in a more comprehensive and realistic way that gives a better prospect of developing solutions. The introduction of interdepartmental projects has constituted an important step in this direction. I now plan to explore additional, perhaps less formal methods of encouraging work across disciplines and across departmental lines wherever appropriate to the issue. Another measure which I will use more intensively as a means of ensuring the quality of research is the convening of short, informal meetings of outside specialists to discuss, assess and advise on draft results of research projects. I stress that this would not be a political vetting but a peer review on substance.

To make the results of research more readily and widely available to our constituents, I plan a thorough review of the ILO's publications. These represent a major item in the budget and

constitute a major outlet for information and ideas. The greater share of efforts and resources should be devoted to producing a limited number of publications of potentially wide interest while using other, more economical means of disseminating information and the results of research on more specialized topics. A constant demand of our constituents is that ILO publications should be made more accessible. I intend to take measures aimed at reducing their prices and facilitating their distribution. These may include the more frequent translation of appropriate publications into national languages as well as the ILO's three main working languages; the production of pocket editions of selected titles; the more systematic recourse to the excellent printing and binding facilities now available in the different regions; the further development of public information materials derived from ILO research; the fuller application of modern information technologies; and the more extensive use of film, video and other non-print media.

I am confident the Governing Body will be receptive to changes in methods and procedures which will enhance the quality, the relevance and the practical utility of ILO technical programmes.

But we also need a change in style: a move away from the caution, the prudence, the safety-first attitude that too often characterizes the ILO's technical work. Those are worthy attributes and no intergovernmental organization can afford completely to eschew them. But carried too far they can lead to intellectual sterility and ultimately to irrelevance. I believe that the tendency to avoid controversy, born perhaps of the Cold War years, should be looked at again in the light of changed circumstances. I do not suggest that the ILO should embark on a gratuitous search for controversy through dramatic declarations, exaggerated claims or unsubstantiated allegations. What I am calling for is the freer interplay of ideas, the willingness to

examine problems without preconceptions, and the readiness to accept — and respond to — substantive critiques. I am therefore encouraging ILO staff to address difficult and controversial issues and to express ideas and views that they feel able to substantiate. I urge the ILO's constituents to help the Office become more useful and more relevant by accepting the need for greater audacity in examining issues and expressing ideas, by recognizing the distinction between policy statements committing the Organization and analytical work committing no one but its authors, by assessing the latter on intellectual merits rather than against any doctrinal tests, and by refraining from applying political pressure to influence technical work.

The quality of the ILO's work will be the crucial element in determining the effectiveness of the whole range of the ILO's activities: technical cooperation, advisory services, policy guidance and standard-setting. The condition for maintaining and enhancing that quality is intellectual freedom.

#### A FORUM FOR DEBATE

Just as the ILO is a source of information and ideas on issues of major concern to governments and the social partners, it is also a unique forum where those issues can be debated. That is why the opportunities offered by regional, sectoral and technical meetings for exchanging views and formulating conclusions have always been highly valued by our constituents.

To enhance that value, the Governing Body has launched a programme designed to modernize and streamline the way ILO meetings are organized. It has already taken impressive action to improve the functioning of the International Labour Conference, regional conferences and its own committees and plenary sessions, and will soon be examining industrial committee and other sectoral

meetings. Preliminary discussions suggest an emerging consensus that, while the concept of a sectoral approach is indispensable and must be preserved, there is a clear need for modernization. The present structure, which in its main lines was set up nearly 50 years ago, should be updated and made more flexible to accommodate changing patterns of employment, new industries and sectors of growing importance. The meetings themselves should be shorter and more sharply focused on major issues of particular relevance to the sectors concerned. Strong and sustained follow-up should be ensured through the fuller integration of sectoral issues in research and other activities.

Meetings on technical themes are another area for modernization. The traditional ILO pattern is relatively long meetings, planned far in advance, elaborately prepared by the Office and aimed at reaching agreed conclusions. There is clearly room for another type of meeting: focusing on broad policy issues, of brief duration so as to facilitate high-level participation, with minimal documentation, and aimed at a free exchange of views not inhibited by the need to take formal positions or reach formal conclusions. The value of two such meetings held on an experimental basis, in Brussels and Santiago de Chile, was generally recognized and I regard them as a potentially important tool for making discussions under ILO auspices more timely and topical.

Such discussions are often more concrete and more useful if they focus on specific issues of immediate concern to countries with comparable situations, similar problems and perhaps common frames of reference. A recent example was the meeting of experts on social security in Latin America held last October in Mexico City. As national economies evolve and adapt to international trends, and as the process of regional integration advances, the ILO's tripartite constituents in a region or a group of countries within a region increasingly face more or less the same difficult and controversial issues — for instance, the employment and

labour effects of privatization, the reform of training systems, the settlement of industrial disputes. They often sense a need to share experiences and test policy ideas. The ILO can support them by making available information and analysis from a broader international perspective. The ILO can in turn benefit from such discussions in the development of its own programmes and policies. I therefore propose to organize a greater proportion of ILO expert meetings at the regional or subregional level.

Finally, if discussions under ILO auspices are to explore issues without being unduly inhibited by preconceptions or conflicts of interests, if they are to profit from the widest possible range of knowledge and experience, they must be opened up more frequently to circles beyond those usually associated with the ILO. Experts from government departments and institutions other than labour ministries, from international organizations dealing with economic and social matters, from non-governmental organizations with different specializations, and from universities and research institutes, joining those from the ILO's traditional constituents, can contribute significantly to the critical examination of existing policies and the generation of fresh ideas. Meetings with broad participation are regularly organized by the ILO's International Institute for Labour Studies. They have proved their value. There is much to be gained from extending that approach to expert meetings organized directly by the ILO. This in no way implies diluting the tripartite character of the representative organs responsible for determining ILO policy. It is rather a means of enriching the ILO's contribution to the knowledge and thinking of its tripartite constituents on the complex issues confronting them.

## A POINT OF REFERENCE

The ILO's constituents and all those concerned with employment or work constantly face problems on which reference to international experience and accepted practice could be helpful. Serving as such a point of reference has always been one of the main functions of ILO Conventions and Recommendations. Indeed, because of this function the influence of ILO standards has been much more far-reaching than the record of ratifications alone might suggest. Standards have widely been used in policy debates, in framing legislation and in collective bargaining. National practice has also been influenced by other texts adopted under ILO auspices. These include the resolutions and conclusions of industrial committees and other sectoral meetings, the reports of technical meetings of experts and codes of practice on technical subjects. A particularly important, though unique, example of an ILO text providing guidance on a difficult and sensitive issue is the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

All of these are valuable precedents. Can we now build upon them to develop forms of technical or policy guidance which are better adapted to modern requirements? I referred in the preceding chapter to the need for a kind of "soft law". By this I have in mind the formulation and tripartite adoption of texts which do not have the same legal status as formal international labour standards but which offer to governmental and non-governmental decision-makers authoritative guidance in dealing with specific problems.

Such texts could fill a number of needs.

Thus, it has often been pointed out that the ILO should be able to adopt and publish policy statements on significant issues which are of wide current concern but which may not be suitable for formal standards. Issues of this kind might include questions

cutting across several technical fields; questions which are more economic and social than legal in character or which have a mixed legal and socio-economic dimension; and complex questions which are not susceptible to the highly distilled solutions inevitable in prescriptive texts.

At present, the mechanisms for developing and adopting major policy statements of this sort are inadequate.

Resolutions adopted by the International Labour Conference, whether originating in the Resolutions Committee or in a technical committee after a general discussion, might be considered an appropriate vehicle. Yet, with some exceptions, Conference resolutions have had a limited impact and a short life. The exceptions do suggest, however, that a carefully prepared, thoroughly debated and solemnly adopted text can have significant influence: the Declaration on Apartheid is a good example.

A new approach to the discussion and formal adoption of declarations or comparable major texts by the Conference may well be worth exploring. It may be most appropriate for great issues of principle or of broad social policy (for example, discrimination).

A different approach may be appropriate for the development of guidance on policy issues which have important economic as well as social dimensions and which address complex and often controversial problems. The Employment Committee of the Governing Body has endeavoured to develop policy statements on employment, training and related questions. Can we build upon that experience? I envisage a procedure by which the Governing Body, following preliminary examination by one of its newly reorganized committees, could hold a full, high-level debate leading to the adoption of a policy statement that would offer guidance both to constituents and to the Office. The aim need not be a general declaration of agreed principles of the kind appropriate for the Conference. On some types of issues, like those related

to employment, an analytical statement defining problems, clarifying concepts, setting out relevant considerations and outlining various options with their advantages and disadvantages may be the most useful form of guidance.

Moving to the level of more detailed technical guidance, a third approach could aim at the development of texts designed to assist those directly working in a particular field by signalling the practical difficulties that commonly arise, indicating tested solutions and specifying widely accepted technical criteria and benchmarks. The ILO is very often asked for information and guidance of this kind by employers, trade unions, government departments and agencies, and others concerned. Clear, well-designed texts can also be extremely useful as aids in training programmes at various levels and in ILO technical cooperation activities. Again, this approach could build upon past ILO experience. For example, codes of practice on different aspects of occupational health, adopted after careful examination by meetings of experts, are widely used in preparing national standards. These codes have often supplemented Conventions and Recommendations by providing practical guidance at a level of detail not appropriate for formal instruments. They are, no doubt, most easily established in a field like occupational safety and health which has a heavy scientific content and which, though not exempt from controversy, offers a good possibility of finding common ground in a relatively objective way.

But it should also be possible to develop under tripartite auspices advisory texts on a wider range of subjects (for example, social security administration as distinct from basic policy; facilities for the disabled; treatment of foreign workers and their families; implementation of measures to combat discrimination and promote equality; operation of employment services; grievance procedures; and disputes settlement machinery). It should be clear that such texts would have a technical advisory purpose rather than

a normative one. They would have no legal force and their influence would derive from their technical soundness and practical utility. They would not be considered to have the same long-term validity as formal standards and could be revised or updated as necessary far more easily than Conventions and Recommendations.

Care must be taken, however, to avoid a proliferation of texts, especially of general declarations and policy statements. Those that are adopted should be carefully prepared and should focus on really important and topical issues of virtually universal concern. The object should be to provide guidance, not to create obligations. Codes of practice and similar texts may be used to supplement standards but they should not be confused with standards. They should certainly not serve as a back-door route to the revision of standards or the adoption of new ones.

## A PARTNER IN TECHNICAL COOPERATION

Research, information, meetings, and policy or technical guidance through various texts all constitute important services. For a large and increasing number of member States it is essential for the ILO to go a step further and provide specific advice and assistance on their problems. Hence the fundamental importance of technical cooperation.

I stress that technical cooperation is indeed of fundamental importance and that the ILO's commitment to it remains as strong as ever. Like all aspects of the ILO's work, technical cooperation must evolve. Its forms, methods and content must be adapted to changing conditions and increasingly diverse national needs. In part because of a radically different international political context, in part because of a clearer perception of its own successes and failures in various countries, technical cooperation as practised over the past three decades has been subjected to close scrutiny by

the UNDP and other funding sources, by executing agencies and by host governments.

Whether as a consequence of this scrutiny or of external economic and social factors, several trends affecting technical cooperation are apparent. Official development assistance channelled through the United Nations system and other resources for technical cooperation are stagnating or even declining. This may be due to the sluggishness of economies and the severe budgetary constraints on donor States; it may also be due to disenchantment with the results obtained from technical cooperation and perhaps to the removal of the political incentives linked to the Cold War. Whatever the reasons, it is clear that in the foreseeable future resources will not increase in real terms and that the targets for official development assistance will not even be approached. We can regret this trend and strive to reverse it but we cannot deny it. While the ILO has so far managed with great effort to maintain and even increase its relative share of the funds available from traditional sources, the absolute volume of such funds has sharply declined and will probably continue to do so. The ILO must therefore seek funds from new sources, especially to meet the needs of Eastern and Central European countries that urgently require support in key ILO fields. Its future success in the competition for resources will depend on the quality and relevance of the products and services it offers.

At the same time as competition for resources is intensifying, the nature and forms of technical cooperation are changing. Often criticized for dispersing their efforts, straying into fields beyond their competence, pursuing projects and resources for their own sake, and consequently drifting down into duplication, overlapping and technical weakness, the specialized agencies have been emphatically urged to concentrate their activities in fields where they have clear competence and a definite comparative advantage. The specialized agencies have also been put on notice that their

participation in the essentially administrative aspects of technical cooperation must decline and that project execution will increasingly be the responsibility of national authorities. The agencies will be called upon to revert to their true role: providing technical guidance and policy advice within their own core mandates.

The ILO has welcomed this renewed focus on the technical contribution of the specialized agencies and has been adapting its own structures and procedures accordingly.

The future role of the ILO in technical cooperation was outlined in the conclusions appended to the comprehensive resolution adopted by the Conference after an extensive discussion in 1993. To sum up the essence of that role, I can do no better than quote the first two paragraphs of those conclusions.

1. Technical cooperation should remain a major means of action for the attainment of the objectives of the ILO, complementing other means of action, in accordance with its mandate defined in the Constitution, and in the Declaration of Philadelphia.

2. Technical cooperation should be implemented in accordance with the objectives of the ILO and the needs and priorities of the recipient countries and should be confined to the fields central to the ILO's competence, making full use of its comparative advantage and tripartite structure. The programme should furthermore focus on the strengthening of national capacities of developing countries in the fields of ILO competence to help them attain the goal of self-reliance.

In order to play its role fully, the ILO has launched a policy that I have called "active partnership". The aims of this policy are to bring the ILO closer to its tripartite constituency in member States and to enhance the coherence and quality of its technical services within the mandate of the Organization. The policy is intended to cover not just technical cooperation in the traditional sense but the integrated use of the different instruments of action available to the ILO in pursuit of objectives jointly determined with our tripartite constituents in each country.

To implement the policy, the ILO's field structure is being strengthened by the establishment of multidisciplinary teams in the different regions and by the progressive reinforcement of area offices. These measures will increase the capacity of the ILO to work together with its constituents in fixing common objectives based on ILO principles and to respond promptly to their requests for policy advice and practical assistance. The multidisciplinary teams are composed of ILO staff with knowledge and expertise in the major technical fields covered by the Office. They include as integral members specialists in employers' and workers' activities so that the tripartite character of the ILO will be fully reflected. Not only will the multidisciplinary teams increase the ILO's technical capacity in the field but they will make it possible for ILO action to take better account of the interactions — and particularly new and changing interactions — among specific labour fields (for example, the links between wages, non-wage labour costs and productivity in more open economies; the effect of technological change on training content and educational requirements; the implications of a more mobile labour market for social protection). Increasingly, the effectiveness of ILO advice will depend on our capacity for comprehensive analysis that can lead to more integrated solutions of problems with multiple dimensions.

This strengthening of the field structure does not imply a decentralization of responsibility or authority for the formulation of ILO policy: that will remain a prerogative of the International Labour Conference, the Governing Body and the Director-General acting under their supervision. On the contrary, the active partnership policy is designed to promote greater unity of purpose in ILO action through closer links between headquarters and the field.

By means of the active partnership policy, I expect that the ILO will be better equipped to move forward in the directions

indicated by the Conference for ILO technical cooperation: greater concentration of efforts and resources; greater emphasis on strengthening national capacity; and greater coherence among the different forms of action.

Greater concentration of efforts and resources means greater selectivity in what the ILO undertakes. The specialized agencies of the United Nations system, including the ILO, have by definition specialized mandates. Because of the nature of the issues with which it deals, the ILO has perhaps a wider mandate than many other agencies. But its mandate is not infinitely expandable. The ILO cannot do everything and should not try. Donor agencies and host governments, as well as the ILO's own bodies, have repeatedly signalled their concern that each specialized agency should concentrate on fields which are clearly within its competence and in which it has unique, or at least very strong, technical capacity. For the ILO this does not imply a dogmatic *a priori* definition of a narrow core mandate which excludes major areas considered important by its constituents. What it does imply is a continuing effort to bear in mind the ILO's objectives, to be aware of its strengths and weaknesses and to avoid dispersing its resources.

This will require from the ILO the firmness to avoid seeking or accepting involvement in projects, however worthwhile intrinsically, which are on the edges of its competence and which only marginally or indirectly pursue its specific objectives. It will equally require from donor agencies and member States the restraint to avoid pressing the ILO to join in the implementation of projects, however meritorious, to which it can make no distinctive technical contribution. There is no point in constantly calling for coordination, observance of core mandates, establishment of priorities and elimination of duplication if these considerations are forgotten for the sake of convenience.

Greater emphasis in strengthening national capacity has for the ILO a special significance. It means strengthening the capacity not only of governments but also of employers' organizations and trade unions. Under the active partnership policy, I will insist that the repeated demands of ILO bodies for fuller tripartite participation in technical cooperation be given effect far more systematically than in the past. Assistance to labour administrations and to employers' and workers' organizations will have high priority. I attach particular importance to enhancing the capacity of all three parties to analyse complex economic and social issues and thus play an effective role both in the normal machinery of industrial relations and in wider policy debates.

Policy advice at a high level and of high quality will increasingly be the focus of ILO technical cooperation. One of the most common and most justified complaints made by governments and the social partners has been that the ILO is slow to respond to requests for policy advice and assistance. Too often, by the time the ILO was in a position to respond, the parties had already been compelled to act — for instance, to resolve an urgent problem or to submit draft legislation to an impatient Parliament. This slowness of response was perhaps inherent in the cumbersome methods of a technical cooperation programme based on the painstaking formulation of project proposals and the drawn-out procedures for negotiating with potential donors for the necessary funds. By reinforcing the field structure of the ILO and ensuring closer links between that structure and headquarters technical departments, I intend to increase the ILO's capacity to respond directly and promptly to requests for policy advice, wherever possible with its own staff and its own resources.

The ILO, like the other specialized agencies, is expected to move away from project administration towards the provision of technical advice. I stress that this move will be gradual. The ILO remains ready and willing to execute projects when requested by

governments and donors. But where national authorities or non-governmental organizations or the private sector can do the job better, and more cheaply, they should be entrusted with it. The ILO's role should be essentially technical, and the more it can devote its resources to that role the better it can serve its constituents.

The third basic criterion I have cited — greater coherence among the different forms of ILO action — brings us to the issue of international labour standards and technical cooperation. The Conference and other ILO bodies have on several occasions called for closer links between these two main strands of ILO action. Although such an appeal may seem truistic, the ambiguity of the term "links" has, on the one hand, raised expectations and, on the other, caused a certain unease.

The Governing Body debated the issue extensively in March 1992, on the basis of a paper I had submitted, and the Conference reiterated the need for complementarity between the two means of action in its 1993 resolution. No one could pretend that all the ambiguity has been lifted: efforts to apply the notion of complementarity to particular situations will inevitably run into grey areas. But I think the essential points are now clearer.

Technical cooperation by the ILO has from its conception been intended as a means of pursuing the objectives of the Organization. Outlined in the Constitution and the Declaration of Philadelphia, these objectives have been given concrete expression in the form of international labour standards, particularly those which set out certain fundamental rights. It cannot be denied that over the years, and for reasons deriving both from the political context and from the mechanisms by which technical cooperation was carried out, the two lines of ILO action moved separately and in parallel. It is time they converged. Action to bring them closer together does not imply, and has never implied, imposing a condition of ratification or application for extending technical cooperation, or for brandish-

ing technical cooperation as a reward or punishment, or banning a member State from technical cooperation.

Action to strengthen the links between standards and technical cooperation have three aims. First, it should prevent any conflict between ILO technical cooperation activities and the principles contained in ILO standards, especially those concerning fundamental human rights. Second, it should use technical cooperation, particularly that financed from the regular budget, to assist member States in applying standards and in building the social and economic foundation for their more effective implementation. Third, it should generate a real synergy between standards and technical cooperation through which each reinforces and enriches the other.

The idea of partnership, which is implicit in technical cooperation, requires a mutual acceptance of certain commitments. In cases where those commitments are not fulfilled, where for example there are serious and persistent violations of freedom of association or the other main human rights standards, there may well be a need to review technical cooperation activities to determine whether certain specific projects should be reoriented, accelerated, slowed down or discontinued in order to facilitate a return to a situation more compatible with reciprocally accepted commitments. The ILO cannot be a schizophrenic organization. It cannot affirm certain principles and then turn around and ignore those principles in its practical action.

In short, future ILO technical cooperation must be geared simultaneously towards the aims and principles of the ILO laid down in the basic texts and towards the development needs and priorities of recipient countries. To the extent that the active partnership policy can help focus on areas where the ILO's institutional objectives and national objectives coincide, ILO technical cooperation will truly serve the purposes for which it was intended.

There can be no doubt that the creation of productive and freely chosen employment is the number one priority of policy-makers in countries throughout the world and must therefore be the central focus of the work of the ILO in the coming years.

An estimated 30 per cent of the world's labour force are not productively employed. More than 120 million people are registered as unemployed; some 700 million are underemployed. But the problem is no longer confined to developing countries. Industrialized market-economy countries, most of which two decades ago had achieved and thought they could sustain virtually full employment, now face an unemployment rate of 8.5 per cent (taking the OECD countries as a whole), while in some countries the rate exceeds 20 per cent. Unemployment rates of over 15 per cent are common in Eastern Europe, and are expected to reach or pass that level in the countries of the former Soviet Union, although these countries under the former system of central planning claimed to have abolished unemployment. Many developing countries, which even before the economic crisis of the 1980s were faced with huge problems of poverty and underemployment, today find themselves in a worse situation than 15 years ago. In Africa, for instance, urban unemployment is estimated to be about 20 per cent, while more than 60 per cent of the urban labour force is in the informal sector. Latin America, where economic growth,

and in some countries employment growth, has now revived after ten years of adjustment policies, is still faced with high levels of poverty and underemployment particularly due to the continuing growth of the informal sector, while urban open unemployment reaches 7 per cent — the level that existed in 1980. Only certain countries in East and South-East Asia present an exception to an otherwise bleak picture, with high rates of growth, sharp reductions in poverty and unemployment and even labour shortages in some cases. The countries of South Asia have seen a distinct improvement in growth, and reduced — but still very high — levels of poverty and underemployment.

Few countries are spared a serious and in many cases deepening employment crisis. The nature of the crisis varies, of course, enormously from region to region, as do the possible remedies to it. But all countries, in grappling with the crisis, are attempting to find answers to three central questions: how to achieve sustainable, non-inflationary growth, without which an expansion of employment is clearly impossible; how to ensure that growth effectively leads to employment creation; and how to ensure that such employment as is created is of an acceptable quality, respecting the dignity and basic rights of workers.

The main responsibility for finding answers to these questions lies clearly with national governments. But, as I have pointed out in Chapter 1 of this Report, the irreversible process of a globalization of the world economy is greatly reducing the capacity of national governments to control the instruments of economic policy which have such a decisive impact on the level and quality of employment and on domestic policies for social progress. This is not to suggest that governments are entirely helpless when confronted with international forces which escape their control. On the contrary, the "success stories" of countries which have been able to revive the growth and employment-generating capacities of their economies are due to their ability to devise and implement

policies which enable them to respond flexibly to a rapidly changing world economic environment. Nevertheless, an important question that has to be asked is whether the economic forces of the international market will suffice on their own to guarantee social progress for everyone, everywhere.

The liberalization of international trade and capital movements certainly offers reasonable possibilities of worldwide growth, employment creation and poverty alleviation. But there is no guarantee that greater social justice will automatically result from it. On the contrary, it will impose a heavy burden of adjustment on all countries, and on all social groups within countries, and there is a serious risk that entire nations and social groups will become increasingly marginalized as a result. The social dimensions of globalization need to be given much greater weight by the international community, and to be fully taken into account in the establishment of rules, mechanisms and policies for the management of the global economy.

This, in turn, raises the question whether the organizations of the international system, and particularly the ILO, need to redefine their role and their relationships with each other to cope effectively with the sweeping changes that are transforming the world economy and the prospects of achieving social progress.

For the ILO the challenge is particularly great. In Chapter 3 of this Report I have suggested how the ILO's standard-setting machinery and action could be adapted to deal with pressing social issues resulting from freer international trade and a globalization of world production and markets. But the ILO's response to globalization cannot be limited to its standard-setting and related work. It has also to provide some intellectual and political leadership in the quest for solutions to the problem of job creation and poverty alleviation in the changing world context. It is being called upon with increasing insistence to take positive initiatives on the employment crisis which affects the vast majority of its

member States, and in Chapter 4 I have indicated the steps we need to take to meet this challenge. But it is by no means certain that its programmes and activities for dealing with the problem no longer respond adequately to the questions facing its tripartite constituents. This is because employment and labour issues can no longer be handled effectively at the national level alone. It no longer suffices to promote the ratification and application of ILO standards by member States, or to provide assistance to governments and the social partners in developing labour legislation, social protection and labour market policies — important though these are. The factors which directly affect the attainment of the ILO's objectives are no longer entirely controlled by national authorities, and the ILO will cease to be a major force for social justice if its influence does not extend to international policies.

The question that I would therefore put to the Conference is whether the ILO's membership wishes it to play a greater role on the international scene, and whether it is prepared to give it the means and the authority to play such a role. Its constitutional mandate to do so is stated in clear and unequivocal terms in the Declaration of Philadelphia:

It is a responsibility of the International Labour Organization to examine and consider all international economic and financial policies and measures in the light of this fundamental objective [social justice].

In discharging the tasks entrusted to it the International Labour Organization, having considered all relevant economic and financial factors, may include in its decisions and recommendations any provisions which it considers appropriate.

It has to be admitted that the ILO has not so far been able to discharge this responsibility very effectively. This is not to say that it has entirely neglected this aspect of its mandate. In particular, with the onset of the international debt crisis in the 1980s and the problems of stabilization and structural adjustment to which it gave rise, the ILO has endeavoured to influence national, and more

particularly international, economic and financial policies in line with the mandate given to it by the Declaration of Philadelphia. The High-Level Meeting on Employment and Structural Adjustment in 1987 was an important landmark in this respect, since it highlighted the need for more socially oriented adjustment policies based on the broadest possible social consensus, and gave the ILO a significant role to play, in cooperation with other international organizations, to promote and develop such policies. As a result of this meeting, the ILO has been pursuing its dialogue and cooperation with the international financial institutions as well as its research and operational work to build a stronger social component into policies for adjustment and economic reform.

Nevertheless, the ILO is still a long way from being accepted as a major actor on the international scene. It has little influence on the deliberations and policy decisions of the institutions which play an increasingly important role in the management of the world economy and whose influence is bound to grow still further, with the growing trend towards the globalization of trade and the closer interdependence of national economies.

There may be many reasons why the ILO has been unable to live fully up to the responsibility entrusted to it by the Declaration of Philadelphia: the lack or ineffectiveness of formal institutional arrangements that would enable the ILO to influence the policies and activities of the major international economic and financial institutions; the reluctance of member States to allow the ILO to have such an influence or to enter in any significant way into the domain of economic policy; the consequent absence (although with some important exceptions) of any serious research and analytical work by the Office on the social impact of major economic problems and developments; and, perhaps too, the fact that the structures, procedures and traditions of the ILO's policy-making organs do not really allow for genuine debates on the large

economic issues confronting the ILO's membership and the international community as a whole.

Whatever the reasons, the absence of a truly effective forum for addressing the social aspects of international economic trends and policies is today increasingly recognized to be a major weakness of the international system in the contemporary world. It is not only in the ILO that this concern is being expressed. Mr. Camdessus, the Managing Director of the International Monetary Fund (IMF), has called for a strengthened "social pillar" in order to give a fully human dimension to the three other "pillars" of a new system of international cooperation (macroeconomic reforms, an effective development strategy and a system of free international trade). Mr. Delors, the President of the Commission of the European Union, has likewise called for the creation of an "Economic Security Council" consisting not only of the representatives of governments, but also of the Executive Heads of institutions such as the IMF, the World Bank, GATT and the ILO.

The decision to convene a World Summit for Social Development in 1995 is further evidence of the concern of the international community that greater prominence needs to be given to the social dimensions and consequences of the changes that are taking place in the world. The Summit should provide an excellent opportunity to develop international mechanisms to monitor, analyse, regulate and advise on world trends and developments, to strengthen international cooperation and to formulate integrated economic and social policies to address social problems.

The ILO must be directly involved in such mechanisms. With its broad mandate to promote social justice, it should be recognized that it has a special responsibility to pursue this objective along with other organizations concerned with the world economy, whether in the field of development, finance or trade.

It is, for course, premature to speak of the outcome of the World Summit for Social Development. But it is not too early for

the Conference to send out a clear signal that the ILO stands ready to play its part; and that its membership wishes it to do so. In claiming such a role, the ILO has to satisfy itself, and to demonstrate to the world, that it is able to fulfil it competently and authoritatively.

Whether it can or not depends on the capacity of the Office, and of the ILO's policy-making organs — the Governing Body and the Conference — to adapt to a new and more significant role.

The Office will need to build up its intellectual capacity to enable it to be recognized by the international community as the undisputed authority in the field of labour and employment policy, with a distinctive contribution to make to the search for more socially oriented patterns of growth, economic reform and adjustment.

To give a major focus to this revitalized effort of research and analysis, I intend to put a lot more effort and resources into the production of a major annual report issued under the authority of the Director-General, which would contain an authoritative analysis of the situation of employment and incomes in the world, and the impact of economic and financial policies on them.

If it is to have any influence on the world community, such a report would have to be a hard-hitting, objective analysis of the impact of economic developments on the world of labour and of the social consequences of the policies adopted or advocated by national and international authorities. It would not stop at analysing problems, but would also propose alternative policies that need to be adopted nationally and internationally to reconcile the need for economic growth and stability with the no less pressing need for more jobs and higher incomes for the poor. It would have to be realistic and forward-looking; it would have to demonstrate how an equitable distribution of wealth through fuller employment can be achieved in conditions of more open trading relations and freer movements of capital. It would not deny the

need for adjustment to change, but would analyse how effective adjustment policies are in bringing about fuller employment and higher living standards. It would examine the lessons to be learned from successful experiences, and suggest how global and national policies need to be adapted to build on successes and to remedy failures to create jobs and reduce poverty. Much of what it would have to say might well be controversial, and care would have to be taken to ensure that any conclusions reached were based on a sound analysis of facts and data. In the complex and rapidly changing world of today, there are sharp differences of opinion on many of the issues confronting the world of labour. As I have stated in the previous chapter, the Office has to abandon the habit, inherited from the days of the Cold War, of sidestepping such issues and avoiding controversy. If it is to render effective services to its membership and to the international community, it must seek to throw as much light as possible, in as objective a manner as possible, on controversial issues in order to provoke and facilitate a debate.

The preparation of the report would have to be the main focus of much of the Office's research and analytical work. It would have to contain substantial analyses and original ideas if it is to be taken seriously by the outside world. It would therefore require mobilizing considerable resources as well as the best talents available, and it may require an effort of outside recruitment in order to build up the intellectual capacity of the ILO. The Office's structure and methods of work would need to be adapted to enable it to fulfil the task adequately. In preparing the report, the Director-General would need to seek the advice of top-level outside experts so as to ensure that the report was of the highest technical quality, based on hard data and on the latest developments in policies, practices and academic literature.

It seems to me indispensable that the Governing Body and the Conference should also adapt their procedures and working

methods so as to allow for a full tripartite debate on the major problems facing the world economy and their impact on the world of labour.

I would first suggest that every year, or at the most every two years, the Governing Body should at its March Session hold high-level sittings, at which government members would be represented at the ministerial level, and which would be devoted mainly to a discussion of the employment situation in the world and of the main trends in the world economy that affect the employment situation. The Governing Body would have to organize its work at its March Session in such a way as to be able to devote sufficient time to such a debate — but, in view of the reforms that it has recently introduced in its own working methods, this should be perfectly possible. The major international and regional organizations responsible for economic, monetary and financial questions would be invited to be represented by their Executive Heads or at a very senior level and to participate in the Governing Body's discussion. It would, of course, be for the Governing Body to decide whether it wished, in the light of that discussion, to adopt any conclusions of its own.

It may be recalled that the Office made a proposal to the Conference in Philadelphia in 1944 that it should adopt a resolution to the effect that:

In order to enable the International Labour Conference to discharge the responsibility of scrutinizing economic and financial measures from the standpoint of their social adequacy ... the Director of the International Labour Office shall submit each year to the Conference a report outlining developments in the economic and financial field having a bearing on the maintenance of full employment and the promotion of higher standards of living.

This proposal was not adopted on the grounds that it would duplicate the functions of ECOSOC as foreseen in the Charter of the United Nations which was then being elaborated. In fact, of course, ECOSOC has not fulfilled that responsibility either. Has

the time not come to revive this idea, suitably adapted to present-day circumstances?

Specifically, I would propose that the Conference should have, as a standing item on its agenda, the examination of problems of employment and living standards in the world.

This question would be given the same prominence in the Conference agenda as the technical items that lead to the adoption or revision of standards. How the Conference would approach the discussion of this item, what the end-product of such a discussion should be, and what procedures should be adopted for this purpose are matters that need not be examined in any detail here. My own feeling is that the aim of the discussion should be to produce something in between a formal standard (Convention or Recommendation), on the one hand, and a general exchange of views (but little else), which at present characterizes the discussion of the Director-General's Report at the Conference, on the other. The Conference might, for instance, wish to adopt a statement reflecting the views of the ILO's tripartite constituency on the goals to be pursued and the policies to be followed. It would be an authoritative statement, recognized as such by member States and the international community, to guide national and international policies (as well as the work of the Office) during the coming years.

It would be for the Governing Body and the Conference to decide whether the examination of such an item would require some further innovations in the procedures and working methods of the Conference. If it were felt that the Conference should aim to produce an authoritative statement to guide and influence national and international action in the coming years, such a statement would have to go beyond bland and abstract pronouncements, but rather contain specific recommendations addressed to groups of member States and to the international community at large. It would therefore probably not suffice to follow the present

arrangements whereby the Report of the Director-General is the subject of some 300 interventions in plenary, followed by a reply of the Director-General. At the same time, the establishment of a large Conference Committee may not be the most appropriate way to handle such an item, since a Committee would be likely to devote a disproportionate amount of time to discussing amendments to the draft conclusions, rather than to a wide-ranging discussion of major policy issues.

Some intermediate solution might therefore be envisaged for the discussion of this item. For instance, statements on the Report could continue as at present to be made in plenary sittings of the Conference, in which high-level policy-makers and experts from the three groups, and senior officials from other international organizations, would participate. But, instead of leaving it to the Director-General to reply to the discussion and draw the conclusions from it, a small drafting group could be entrusted with the task of drawing up conclusions or revising draft conclusions proposed by the Governing Body, in the light of the statements made in plenary, and submit a revised text for adoption by the Conference.

I will not dwell any further on these procedural matters on which I will make detailed proposals to the Governing Body if, as I hope, the principle of a biennial Conference discussion receives widespread support among our membership.

However, the process would not end with the publication of an annual report by the Office or the adoption of conclusions by the Conference or the Governing Body. It will be important to ensure that they are followed up, at the national level as well as at the international level.

In the final analysis, the ILO's credibility in "international policy-making" will depend critically on the strength and quality of its influence within countries. And this in turn depends critically on the strength of the ILO's constituents within countries —

national labour ministries and employers' and workers' organizations — on the quality of the dialogue among them, and on their own ability to influence and participate in national policy-making on broad economic and social issues. The ILO for its part will use the annual report, as well as the conclusions of its policy-making organs, as the framework for its policy dialogue with individual countries through its active partnership policy. The multi-disciplinary teams which are now being set up would, with the support of headquarters, work with member States to tackle some of the issues raised in the report and to give effect to the relevant conclusions of the Conference and the Governing Body. The experience that they gain and the lessons learned in this way would feed back into the preparation of subsequent issues of the report. Without this constant feedback between national and international policy-making, there is a real danger that both the Office's report and the discussions in the Governing Body and at the Conference would have no real impact.

The final, and most important, question to be asked is whether the suggestions contained in this chapter will suffice to give the ILO the influence and authority in the international community that were claimed for it in the Declaration of Philadelphia. There can be no assurance that they will. The future role and influence of the ILO will depend in part on developments and decisions (including decisions taken by the World Summit) over which it may not be able to exert much control. But they will also depend on the readiness and the capacity of the ILO to play such a role. It is clear that major changes are required in the international system if it is to respond effectively to the new requirements of a global economy and a changing world order. It is also clear that within a renewed and revitalized international system there will be an urgent need for effective machinery to guide, influence and regulate social policy. The ILO is uniquely well placed to play such a role. Its tripartite structure, its machinery for developing

and supervising the application of standards, the principles and values for which it stands and its long operational experience definitely place it in a privileged position in the international community.

But these assets will not suffice. If it wishes to be listened to more attentively by the international community, it must have something original and constructive to say, something that is relevant to the changing times, something that goes beyond a ritual incantation of the basic values and principles for which the ILO was created, however important these remain in today's world. It must take these values and principles as its starting point; but it must also offer new perspectives, provide new insights, challenge conventional wisdom. It must be prepared to take risks, including the risk of being unpopular in certain circles.

The ILO has the potential and can, if the Conference wishes, develop the capacity to play this part. It is fortunate that its 75th anniversary coincides with a unique opportunity to equip itself to play a challenging new role in the international community.

It is an opportunity that must not be missed.



## CONCLUSION

The future of the International Labour Organization is not primarily a question of ways and means but of ethical considerations. It is not just a matter of providing the framework for an effective and efficient organization, though that of course is very important, but rather, and above all, of ascertaining how much weight our contemporaries intend to give to the requirements of social justice in the midst of all their other preoccupations.

But is it still possible to believe in social justice when the law of the strongest is not only imposed on so many men and women throughout the world but is now being regarded as a virtue in the context of generalized and rampant competition? Yet if we lose faith in that ideal, we shall be turning our backs on all the positive developments that the world has witnessed in recent years. Totalitarianism is on the way out all over the world. True, it has not been an orderly retreat and uncertainty reigns in many places; but, all things considered, uncertainty must hold out more hope than the despair caused by an unjust social and economic order. More and more countries are beginning to benefit from economic growth and to look forward to a tangible improvement in their population's well-being. Admittedly, not everyone has a share of that economic growth, and for those that do it is often very unfairly distributed. But this just shows us how far we still have to go; it should not make us despair at how little has been done.

History is in the making, and the world is shedding another skin. It is a process that has always been painful, but one which we should try to hasten rather than slow down.

Even granting that social justice is still worth believing in and striving for, can we really count on the ILO to bring it about? Are we here to shore up a world which is breaking apart or to advance new solutions? Judging from the articles one reads in the press and from what one hears behind the scenes in certain international forums, that to me is the crux of the matter. And our answer must leave no room for any doubt. There must be no doubt in the minds of those who would like to believe in us but are nevertheless very worried; nor of those who would welcome the decline of an international organization which for many people embodies the ideal of social justice.

With little to guide it the world today is trying to find a new balance between the State, the market and society. As things stand, the tripartite composition of the International Labour Organization is exactly what is needed. Provided it can adapt, it is perfectly equipped to help find that new equilibrium.

There are three challenges to be faced if the ILO is to be functional in the world of today and of tomorrow.

The first concerns our constituents and, first and foremost, the employers' and workers' organizations. Both have prepared this Conference by issuing statements as to how they see the future of our Organization. The time has come to get down to work — not to try to reconcile their viewpoints completely but to define a common vision. It is not for me to do this for them, but I would like to mention in this Report three points that I feel ought to be taken into consideration:

- we must consistently seek consensus on a concept of social justice, and on how to further the ideal;
- we must maintain an open policy towards the other actors on the social and labour scene;

- we must be flexible and more balanced in our use of the whole range of ILO activities.

The second challenge is for the Organization as a whole and especially for its executive secretariat, the International Labour Office. We need to give careful thought to the conditions that have to be met if ours is to be a genuinely universal organization, while at the same time bearing in mind that social justice is the same for everyone. We must be prepared to adjust our methods to the changing realities of the day, and we must be in a position to make our contribution wherever and whenever the need arises. Finally, the message we send out must be clear and coherent, despite the occasional conflict between labour law and the opportunity that everyone should have to find employment.

The third challenge is not just for the ILO's constituents but for the international community as a whole.

The world is certainly more united than in the past but, above all, it has become very much more integrated. As a result, the balance between State, market and society that I mentioned above can no longer be the sole responsibility of the Nation-State. It will indeed be difficult to promote social justice if we do not very quickly identify ways and means of regulating the world economy satisfactorily. That is the task that lies ahead, and one which I shall not attempt to outline here. I am heartened to see that others appear to have reached the same conclusion and to harbour the same hopes.

The future of the ILO must be seen from the perspective of the international community's determination to be master of its own destiny. Let us not reach for the moon. Rather let us examine together how we can improve the day-to-day life of our fellow beings in practice. The ILO's greatest strength is its boundless patience. By opting for the voluntary acceptance and the promotion of common standards and for inciting countries to improve their performance, it has adopted the slow but steady pace that offers

the best chance of success in the long run. It is its 75-year experience that it wants to share today with those who are seeking the model of international organization that we shall need tomorrow.

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